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NEWS SUMMARY

GENERAL

Tory white migrant warning

White settlers in Rhodesia who might want to return to Britain if the constitutional issue were resolved would not be allowed automatic entry by a future Conservative government, a Tory home affairs spokesman said.

Mr. Keith Speed was speaking on BBC radio on the commitment of government to U.K. passport holders in east Africa. He added: "If a great mass of people from any country—Rhodesia or elsewhere—wanted to all suddenly come in, our social, health, housing and education services just could not cope.

"So we would have to take a long, hard look at whether we could permit people to come in from any country, not just black countries.

"We are overcrowded, we have got particular problems and we have got to reduce these numbers."

Warning on 'porn for teenagers'

Hard pornography is on the way to becoming a normal diet for children, a report to the Home Office claims to-day. The report criticises some forms of sex education and attacks teenage girls' magazines for giving explicit sex advice, publishing pictures of nude boys and readers' letters about pop stars, sexual experiences. Laws should be tightened, said the Responsible Society, which made the report.

Record fire bill

Britain's fire bill last year would be a record £250m., the British Insurance Association forecast. Firemen return, Page 10

Lib-Con pact

A deal with Mrs. Margaret Thatcher—if it led to proportional representation—could not be ruled out, Mr. David Steel, Liberal leader, said. He would consider a Lib-Con pact after an election.

Coining it

Silver, gold and platinum coins commemorating the 1980 Moscow Olympics are about to go on sale throughout the non-Communist world. Page 6

Homes smashed

Workers with bulldozers, protected by armed police, smashed down squatters' shacks in the black shanty town of Unibell, near Cape Town. Authorities said the shanties were illegal and insanitary and most inhabitants were not entitled to be in the area. Page 4

People ...

William Robinson, aged 72, former secretary and general manager of Wakefield Building Society, was jailed for six years for stealing £134,000 from the society over 30 years.

Sally Johnstone, chairman of the Meat and Livestock Commission, said that meat consumption this year probably would fall to its lowest level since the mid-1950s and retail prices might go up by between 8 and 9 per cent. Back Page

Mrs. Godber, aged 72, sister of Lord Joseph Godber, former Labour Agriculture Minister, was mugged in Bedford and lost her handbag containing about £45.

... and places

Dublin: Dr. Thomas O Fiaich, Roman Catholic Archbishop of Armagh and Primate of all Ireland, called on Britain to declare its intention of withdrawing from Northern Ireland.

Turkey: Death toll in the earthquake rose to 21; 110 were injured and 3,000 houses damaged.

Manchester: Disused swimming baths is to be turned into an indoor skateboard centre.

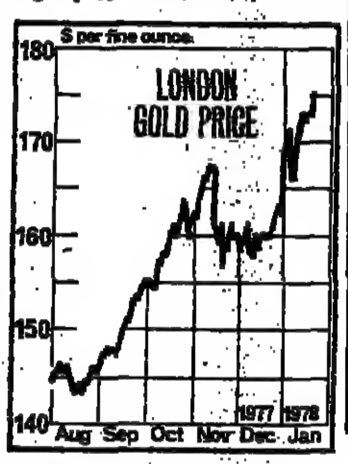
BUSINESS

Long gilts unsettled; gold up $2\tfrac{3}{4}$

● SHORT-DATED GILTS were lower from the outset and their decline was reflected in a fall of 0.07 in the FT Government Securities Index to 77.48. Long-dated stock shed initial gains, easing in late inter-office business, as the trade figures disappointed the market.

● EQUITIES had a dull day in the absence of buyers, the FT 30-Share Index falling 6.7 to 474.2. Gold Mines advanced.

● STERLING edged down 40 points against the dollar to $1.9285, but the pound's trade-weighted index rose to 65.9 (65.8). The market reacted mildly to Saudi Arabia's statement that it would continue to accept dollars for oil. The dollar's depreciation widened slightly to 4.79 (4.77) per cent.



● GOLD rose $2.75 to $175.375, its highest level since April 1975.

● WALL STREET fell 3.99 to 771.74.

● U.S. TREASURY Bill rates fell at the weekly auction: threes 6.535 (6.682), sixes 6.759 (6.848) per cent.

● SWISS BANKER has sharply criticised some U.S. regulatory agencies, particularly the Securities and Exchange Commission, accusing them of seeking to extend U.S. business rules to other countries. Page 23

Car men turn to Callaghan

● LEYLAND senior shop stewards are seeking an early meeting with the Prime Minister and Mr. Eric Varley, Industry Secretary, after discussing the company's future with Mr. Michael Edwardes, the new chairman, yesterday. Back Page. Chrysler offers incentive scheme, Page 10. Citroen cuts spare parts prices, Page 7

● MINERS in Yorkshire have voted, with a 63 per cent. majority, to accept local incentive bonuses. Page 10

● NATIONAL WESTMINSTER Bank is considering expanding in the U.S., possibly by buying a New York bank. Page 8

● FRANCE reduced its trade deficit by almost half last year. Page 2. Big contracts with Ivory Coast, Page 6

● CHINA'S trade increased by 12 per cent. to a new record level last year and left the country with a hard-currency surplus. Page 6

COMPANIES

● IBM boosted net earnings to $2.7bn. ($2.4bn.) last year, with buoyant sales of data processing equipment. Page 22

● INCHCAPE turns out to be the bidder for Pride and Clarke, which has the franchise for importing Toyota cars into the U.K. The agreed offer is worth £10.7m. Back Page. News analysis, Page 7

● LONDON PAVILION has dismissed two takeover bids sparked off by plans to redevelop the company's cinema site in Piccadilly Circus. Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated.)

RISES		
Adams and Gibbon ...	89	+ 6
Alcan Alum. (U.K.)		
9p.c. Conv. ...	£139	+ 23
...	245	+ 8
Blackbird Conf. ...	159	+ 6
Bond Grp. ...	$43\tfrac{1}{2}$	+ $3\tfrac{1}{2}$
Hewitt Walker ...	41	+ 5
Brown and Tawse ...	98	+ 4
Brown (J.) ...	239	+ 5
Gresland (R. & A.G.)	$36\tfrac{1}{2}$	+ $5\tfrac{1}{2}$
European Ferries ...	115	+ 4
...	268	+ 14
Liner Concrete Mach.	37	+ 7
London Pavilion ...	390	+ 30
Pride and Allen ...	122	+ 7
S.E.T. Textiles ...	77	+ 5
Small (H.) ...	163	+ 10
London Sumatra ...	89	+ 9
Tutor ...	305	+ 14
Cons. Gold Fields ...	197	+ 5
Harmony ...	357	+ 11
Rustenburg Plat. ...	75	+ 4

FALLS		
Exchequer $9\tfrac{1}{2}$p.c. 1982	£$98\tfrac{1}{2}$	− $\tfrac{1}{2}$
Adwest ...	264	− 6
Allied Colloids ...	70	− 15
Allied Retailers ...	179	− 6
BET Defd. ...	108	− 6
Distillers ...	165	− 5
Eastwood (J.B.) ...	99	− 7
Electrocomponents ...	339	− 7
General Accident ...	230	− 6
Howard Shuttering ...	28	− 6
Land Secs. ...	220	− 4
Lucas Inds. ...	265	− 7
Metal Box ...	302	− 8
Mothercare ...	178	− 4
Thomson Org. ...	625	− 10
Thorn Elect. ...	354	− 4
Turner and Newall ...	199	− 8
Oil Explin. ...	268	− 8
RTZ ...	174	− 6

Varley agrees to 10% cut in steel investment plans

BY ROY HODSON AND PHILIP RAWSTORNE

The Government has agreed to a 10 per cent. cut in the British Steel Corporation's current annual investment programme to bring it below £500m.

The object is to keep the corporation within its spending limit of £950m. for the year, although a record trading loss of £520m. is now expected.

Mr. Eric Varley, Industry Secretary, answered a question in the Commons yesterday about British Steel's probable losses which had been tabled by Mr. Russell Kerr, Labour MP for Feltham and chairman of the all-party Select Committee on Nationalised Industries.

Mr. Varley said the latest estimate was that the corporation would lose about £520m. in the year, but that figure was subject still to considerable uncertainties and it included a contingency provision of £50m.

The £50m. contingency represents the latest amount by which British Steel and the Government have agreed to prune capital spending for the year.

Trimmed

Originally, the 1977-78 steel investment programme was to exceed £600m., but as British Steel's losses mounted in recent months the programme was cut to £520m. Now it is to be reduced to about £470m.

Such a heavy series of cuts means that the majority of steelworks projects in hand will be trimmed or delayed.

Casualties are expected to include small and medium works projects, as well as the strategic schemes for modernising and expanding the five integrated steelworks at Port Talbot and Llanwern in South Wales, Scunthorpe in Lincolnshire, Redcar on Teesside, and Ravenscraig, Scotland.

British Steel has stabilised its losses, according to Mr. Varley. The corporation is understood to be losing money at a rate of about £10m. a week. Most of the big international steel producers are also suffering heavy losses because of the world steel slump.

Parliament is likely to be asked to raise British Steel's borrowing limits from £4bn. to £5bn., although Mr. Varley said last night that the Government had not made a decision.

Mr. Varley twice said at his Press conference later that he had complete confidence in Sir Charles Villiers, the chairman of British Steel.

Sir Charles has said he will not resign over claims that he failed to disclose the full extent of the corporation's rising losses during last year's select committee hearings.

Mr. Varley dismissed the British Steel internal 1977 forecasts of losses of up to £486m. as speculative and said: "If we had taken action on the basis of those forecasts, we would have been criticised for going for massive redundancies and closures."

The select committee will consider to-day whether to recall Mr. Varley to give further evidence.

His offer to attend another committee hearing appeared yesterday to have sidetracked the committee's demands that papers relating to British Steel's finances should be produced.

Mr. Varley reiterated in the Commons that the government had followed normal procedures for the disclosure of information.

He denied that he had refused information to the committee. Members had not asked him for the financial details when he appeared at the committee's inquiry in April and December last year.

Mr. Varley: losses stabilised

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Key role for U.S. as talks on Middle East start

BY ROGER MATTHEWS JERUSALEM, Jan. 16.

ISRAEL and Egypt begin the most crucial stage of peace negotiations here to-morrow acutely aware of the central role to be played by the U.S.

Egyptian officials believe they may be called home by President Anwar Sadat within a few days unless the Israelis indicate that they are willing to make significant concessions.

Compromise

In an interview published this morning by the Cairo newspaper Al Akhbar, Mr. Mamdouh Salem, Egyptian Prime Minister, spoke of "attempts by the Israeli leadership to make the peace process difficult."

The talks of the political committee involving the two countries' Foreign Ministers and Mr. Cyrus Vance, U.S. Secretary of State, are based on a fragile compromise agenda evolved after Washington's hectic intervention at the week-end, but still interpreted differently by Egypt and Israel.

Mr. Moshe Dayan, Israel's Foreign Minister, said that Egypt could not put a gun to Israel's head.

He emphasised that, despite his country's deep desire for peace, it could not concede everything that was being demanded by Egypt if this meant endangering its security.

Mr. Vance, who delayed his departure for Israel due to a last-minute crisis over the agenda for the political committee, arrived here this evening.

He saw Mr. Menahem Begin, Israel's Prime Minister and Mr. Dayan almost immediately.

Mr. Vance is scheduled to meet members of the Egyptian delegation, headed by Mr. Mohammed Ibrahim Kamel, Foreign Minister, early to-morrow.

Egypt and Israel agree that the U.S. must play an active mediating role if there is to be real hope of success.

Mr. Vance may travel to Cairo to see Mr. Sadat at the end of this week and then return to Jerusalem.

The Egyptian President has cancelled all appointments for the coming ten days to devote his full attention to the critical Middle East situation.

Guidelines

The agenda for the political committee finally agreed includes:—

1. A declaration of principles governing the negotiation of a comprehensive peace in the Middle East.
2. Guidelines for negotiations relating to the West Bank and Gaza strip.
3. Elements of a peace treaty to be negotiated between Israel and its neighbours in accordance with the principles of UN resolution 242.

Middle East News, Page 4

Alcan (U.K.) seeks SE quote

BY JAMES BARTHOLOMEW

ABOUT A fifth of the equity of Alcan Aluminium (U.K.), subsidiary of the major Canadian aluminium company, is likely to become British-owned in the early summer.

The U.K. company is expected to be listed on the Stock Exchange by une or soon after. The Exchange, in accordance with its increasingly liberal attitude towards listing requirements, has imposed a minimum of only 5 per cent. on the percentage of the equity to be held publicly.

Yesterday, Alcan (U.K.) announced a first dividend of 9.9p net for last year, on the basis of pre-tax profits of £$24\tfrac{1}{2}$m. (£16m.). As a result, it will now be advantageous for the mainly U.K. convertible loan stock holders to switch to ordinary shares at the next available opportunity in May. Instead of receiving annual income of 9 per cent. gross, they would then receive 15 per cent.

If all the loan stock holders converted 19.8 per cent. of Alcan (U.K.) would become British owned. And if Finance Corporation for Industry acted similarly over its £1.5m. convertible loan, the British content would rise to 22 per cent.

The price of the loan stock rose £23 yesterday to £139, valuing the total convertible U.K. interest, including that of Finance Corporation for Industry, at £14m.

The Canadian parent company is thought to have considered buying in the convertible loan stock instead of allowing Alcan (U.K.) to go public.

But the parent finally decided it would be politically wiser over the long term to encourage a substantial U.K. shareholding. Moreover, the fact that until now it has received no return from its U.K. investment might have helped dissuade it from putting up extra money to buy in the convertible.

A further advantage of a U.K. listing would be the possibility of raising future funds on the stock market. Mr. John Elton, chairman of Alcan, said yesterday that this was not envisaged immediately but could occur when a major piece of capital

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FEATURES

For latest Share Index 'phone 01-246 802?

Prospect of early fish pact recedes

By Margaret van Hattem

BRUSSELS, Jan. 16.

HOPES of an early agreement on the EEC Commission's revised proposals for sharing this year's fishing catch receded to-night. Mr. John Silkin, the Minister of Agriculture and Fisheries, said the package fell well short of Britain's minimum demands and contained "howling gaps" regarding conservation measures.

The proposals would allocate 852,000 tonnes, or 31.3 per cent. of the total EEC quota, to the U.K.—substantially more than the Commission's previous offer.

This might provide a basis for discussion, Mr. Silkin said, "but taking the package as a whole, I am disappointed."

Britain tabled a demand for 962,000 tonnes, or 45 per cent. of the total, last December, in response to the Commission's initial proposal of 660,000 tonnes, or 21 per cent.

To Britain's demands for an exclusive 12 mile zone and a 12 to 50 mile zone of dominant preference, Mr. Silkin said the proposals fell a long way short of what Britain required.

But there had been some advance on Britain's demand for exclusive fishing rights up to 12 miles and the phasing out of historical rights.

The proposals did not provide for preference in the 12 to 50 mile area, nor a basis for limiting non-British catches—a matter which Britain considers vital.

"Quotas without licences are insufficient," said Mr. Silkin. "The Commission proposals cannot even be described as worrying—they simply do not match up to what we require."

The ministers will meet in restricted session to-morrow morning, then split into three working groups — conservation and control, structural and social matters, and quotas.

The 852,000 tonnes proposed for Britain is only for restricted species to be caught in EEC waters. The total U.K. catch for this year, including non-quota species and fish caught in third-country waters, would be 1,036,0000 tonnes—very near to Britain's 1973 to 1976 average.

The Commission's proposals, which provide for a 7 per cent. reduction in the total catch by EEC countries, would allocate Ireland a total catch, including non-quota and third-country fish of 97,000 tonnes (up 36 per cent. on the 1973 to 1976 average). Denmark 1,455,000 tonnes (down 16.6 per cent.), France 576,000 tonnes (down 6.6 per cent.), and West Germany 488,000 tonnes (down 11.9 per cent.).

● A small Danish fishing boat was arrested last night for allegedly catching pout in disputed waters off north-east Scotland.

EEC fishing regime, Page 25

£59m. trade surplus for U.K. last year

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE U.K. had a current account surplus last month for the fifth successive month. For all of last year there was a surplus for the first time since 1972.

The surplus of £59m. last year follows a deficit of £1.28bn. in 1976 and compares with last October's official projection of a surplus of £250m. for the year.

The difference is largely explained by a drop in the surplus from £217m. to £65m. last month. This was entirely because of unfavourable movements in erratic items, notably diamonds and an exceptional jump in the visible oil deficit.

Nevertheless, the U.K. is clearly in large and sustained current account surplus. But the underlying rate of growth of export volume has slackened in recent months and the level of imports of finished manufactured goods is high.

The £1.28bn. improvement in the current account last year reflected a drop in the visible deficit since the invisible surplus is estimated to have dropped by £628m., largely as a result of higher interest and profit payments abroad.

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Lex and retail sales rise sharply, Back Page

The visible deficit fell by £1.91bn., of which about three-fifths, or £1.12bn., can be explained by an improvement in the visible oil balance.

That, however, understates the contribution from North Sea oil operations since without them the oil deficit might have been larger than in 1976.

The impact of North Sea on visible trade (excluding rigs) is estimated at £2.4bn. last year, against £550m. in 1976.

Overall export performance was better than in recent years with an $8\tfrac{1}{4}$ per cent. rise in total volume and in the volume of sales of manufactured goods.

That is nearly double the rate of increase in world trade in those goods, which confirms the recovery in the U.K. share.

However, total export volume fell by around $3\tfrac{1}{2}$ per cent. in the last three months compared with the previous buoyant quarter.

Although the drop is partly explained by the impact of the U.S. East Coast docks strike, sales to other important markets have fallen or levelled off in recent months.

The Department of Trade survey of export prospects has pointed to a continuing slowdown during the first half of this year, presumably reflecting the sluggish level of world trade and the effects of the rise in sterling.

The rise in the pound has increased concern about the competitive position of exports.

The price advantage secured in 1976 has been eroded though there is still an edge in relative unit labour costs and profitability.

A rise in export unit values of just over 18 per cent. between the average levels for 1976 and last year shows that exporters have been determined not to sacrifice their margins.

The terms-of-trade index—the ratio of export to import prices—rose by 4 per cent. in the fourth quarter and is likely to increase sharply again this month.

An equally important influence on the trade prospects will be the impact of a recovery of personal consumption on imports. A sharp rise in imports is assumed by the Treasury in its projection of a current account surplus of £1.5bn. for this year.

But the latest figures suggest there may have been a further rise in the penetration of imports of finished manufactured goods into the home market.

There was a rise of 2 per cent. in volume in the fourth quarter and of $13\tfrac{1}{2}$ per cent. last year as a whole, even at a time when consumer spending generally was depressed.

Other items of imports have moved more or less as expected with purchases of basic materials food and fuels down, and overall import volume 6 per cent. up over the year.

BALANCE OF PAYMENTS
£m., seasonally adjusted

		Visible trade	In-visibles	Current account
1976		−3,571	+2,344	−1,227
1977		−1,657	+1,716	+ 59
1976	1st	− 538	+ 473	− 65
	2nd	− 907	+ 557	− 350
	3rd	−1,144	+ 698	− 446
	4th	− 982	+ 616	− 366
1977	1st	− 928	+ 414	− 514
	2nd	− 723	+ 418	− 305
	3rd	− 44	+ 449	+ 405
	4th	+ 38	+ 435	+ 473
	Oct.	+ 46	+ 145	+ 191
	Nov.	+ 72	+ 145	+ 217
	Dec.	− 80	+ 145	+ 65

Source: Department of Trade

£ in New York

—	January 16	Previous
Spot	$1.9320-9330	$1.9290-9330
1 month	0.12-0.17 prem.	0.14-0.21 prem.
3 months	0.40-0.45 prem.	0.38-0.43 prem.
12 months	1.10-1.30 prem.	1.10-1.30 prem.

EUROPEAN NEWS

Giscard appeals for peace between Majority parties

BY DAVID CURRY PARIS, Jan. 16.

PRESIDENT Valery Giscard d'Estaing to-day gave his diverse supporters their send-off for the March general election with a strong appeal for peace within the parties supporting the coalition government (the Majority).

He indirectly reassured the Gaullists that he was not promoting the formation of a rival "reformist" front within the Majority, saying the attempt to limit the number of candidates in the first round of the election should not be seen as intending a confrontation within the coalition but as "a contribution to the common success."

M. Jacques Chirac, the Gaullist leader, wrote a few days ago to the President complaining that the decision of the Radicals, Centrists and Republicans to put up single joint candidates against the Gaullists in more than 360 seats constituted the formation of an "unfair and dangerous" anti-Gaullist front.

In retaliation, the Gaullists denounced their own separate pact with the Centrists and Republicans to prevent a unity candidate in 120 seats.

Yesterday, they announced the preliminary lists of 10 new candidates in seats previously allocated to their allies.

M. Giscard d'Estaing applauded the multiplication of first round contests rather unenthusiastically as conducive to direct democracy, and repeated his formula that the groups supporting the Government legitimately represented different points of view.

At the same time, he warned the presentation of a multitude of candidates might be taken by the elector as a sign of disorder and bad management—an implicit endorsement of the agreement which has caused the Gaullists so much offence.

He emphasised the importance of maintaining the accord by which the Majority parties will throw their weight behind a single candidate in the second round of voting.

The President was speaking at a lunch he gave for 80 political leaders, including party chiefs, senior political alumni and important regional figures, who have backed the regime.

It remains to be seen whether his implicit assurance to the Gaullists, that no private war was being waged on them, will have much influence. It was being hoped that the Gaullists might limit their challenge in seats previously designated for the other parties to a mainly symbolic one.

The other parties have not yet decided whether and to what extent they will challenge the Gaullists in seats previously allocated to them.

Large fall in trade deficit

BY OUR OWN CORRESPONDENT PARIS, Jan. 16.

THE PRE-ELECTION prestige of the government of M. Raymond Barre got a useful fillip here tonight with the publication of figures showing that the French trade deficit in 1977 was almost halved from the previous year's shortfall.

An exceptionally good surplus of Fr.1.66bn. in December reversing a November deficit of Fr.2.67bn. was enough to reduce the overall 1977 deficit to Fr.11.07bn. compared with Fr.20.45bn. in 1976, all figures being seasonally adjusted.

Oil imports helped by the decline in the value of the dollar, and despite some accelerated oil purchasing to take advantage of that decline, cost more than Fr.1bn below the Fr.55bn. ceiling set by the Government. Capital goods ended the year in a Fr.17bn. surplus.

The trade figures have been swinging from deficit to surplus and back again for some months but within the gyrations a distinctly favourable trend has been discernible.

The improvement of the trade balance together with the stabilisation of the rate of the French franc were two of the priorities set by M. Raymond Barre when he came to office in September, 1976. By and large, they have been the most successful elements in his recovery programme.

● The value of French wine exports last year reached a record high at Frs.7.5bn., Reuter reports from Paris. In volume terms, however, production was down 28.3 per cent. at 52.3m. hectolitres.

'Realistic chance' of Cyprus talks

BY OUR OWN CORRESPONDENT NICOSIA, Jan. 16.

A TURNING POINT has been reached in efforts to find a Cyprus settlement and there is a "realistic possibility" that talks between the two communities, deadlocked since last spring, may resume in March, Dr. Kurt Waldheim, the UN Secretary-General, said here to-day.

He was speaking before his departure for Athens after two days of "constructive" discussions with the leaders of the two communities, President Spyros Kyprianou and Mr. Rauf Denktash, the head of the Turkish Cypriot Administration.

Dr. Waldheim appears to have pulled off an important double feat during his week-end visit to the island—bringing the two leaders together in direct contact for the first time, and arranging for a sound and "correct" procedure to be followed in future negotiations.

As outlined by Dr. Waldheim and President Kyprianou at separate news conferences, this procedure is as follows: Mr. Bulent Ecevit, the new Turkish Premier, will prepare concrete proposals on both the territorial and constitutional aspects of the Cyprus problem, soon after he receives his expected vote of confidencein Parliament this week.

The Turkish proposals will then be submitted, via Mr. Denktash, to the UN Secretary-General within the next few weeks, and Dr. Waldheim, after consultations with the parties concerned, will decide on the date for reconvening the talks.

Dr. Waldheim stressed it was "necessary" for him to know the "exact" proposals before calling a new round of talks. He said his personal feeling was that "March would be a good guess" for a resumption of the negotiations, under his auspices.

The new procedural arrangement seems to satisfy the Greek Cypriots who were seeking "iron-clad guarantees" before committing themselves to a new round of negotiations.

President Kyprianou described the new procedure as "much better than previous ones," as it

Metin Munir adds: Mr. Rauf Denktash, the Turkish Cypriot leader, is to visit Turkey on Wednesday for consultations with the new Turkish Government of Mr. Bulent Ecevit, it was officially announced to-day.

France will seek new EEC pact with Africa

By Robert Mauthner

PARIS, Jan. 16.

FRANCE WILL shortly make a proposal to its European Community partners for a new Euro-African solidarity pact, covering mutual security problems, as well as economic cooperation and development aid.

President Giscard d'Estaing, who reiterated this proposal yesterday at the end of his five-day official visit to the Ivory Coast, said he would table it at the next European Council summit meeting.

The pact, in his view, should be modelled on the final declaration of the Helsinki Conference on European security and co-operation.

Though emphasising that the security aspects of the pact should take second place to economic and aid problems, it was clear that the French President was trying to reassure President Felix Houphouet-Boigny of the Ivory Coast, who has repeatedly underlined the threat of Soviet and Cuban intervention in the African continent.

M. Giscard d'Estaing spoke of the French proposal only in the vaguest terms. It seems doubtful that it has yet been worked out in detail, in spite of the fact that this is not the first time that it has been mentioned by the French President, after meetings with African heads of state.

While President Giscard considers that the solidarity pact should be limited to unspecified European and African countries, another French proposal, last tabled at the Franco-African summit in Dakar in April, 1977, for the setting up of a special African promotion fund, is intended to embrace other countries, in particular the U.S.

The proposal for the $1bn. fund, which was originally backed in principle by Dr. Henry Kissinger, the former U.S. Secretary of State, has had a cool reception from France's European partners, particularly West Germany.

But President Jimmy Carter, whose Administration initially took little or no interest in the fund, is reported by President Giscard to have been favourably impressed by the French proposal during his recent visit to France.

The main objection to the fund from France's European partners is that there seems little point in setting up yet another institution to disburse aid to African countries, when several already exist, both at a European Community and wider international level.

As far as the U.S. is concerned, it seems unlikely that President Carter, in spite of the favourable noises which he apparently made to M. Giscard d'Estaing, would be able to persuade Congress, which has already shown great reluctance in passing his latest aid bill, to approve an additional aid package.

Ivory Coast deals, Page 6

Poullain row likely to go to courts

BY GUY HAWTIN BONN, Jan. 16.

THE ROW between Herr Ludwig Poullain, who resigned as chief executive of the Westdeutsche Landesbank Gironzentrale in December, and the state government of North Rhine-Westphalia appears to be developing into a protracted legal struggle. The ground was laid at the week-end for cases between the two parties in both the civil courts and the West German labour court.

Herr Poullain was informed at the week-end that his resignation of December 23 was no longer to stand and that instead he would be subject to summary dismissal, effective from December 23. This means that Herr Poullain would forfeit his agreed severance pay and retained pension rights.

Herr Poullain, under the terms of his resignation, was to have received his pay of a yearly DM420,000 up to 1984 and after that his full pension, said to be DM220,000 a year. However, the state government, the bank's most influential shareholder, is apparently claiming that Herr Poullain acted in a manner contrary to his duties as a chief executive and, therefore, made himself liable to summary dismissal.

This morning it was announced that Herr Poullain had no intention of taking the matter lying down and that he intended to fight for his severance pay and pension. In a long reply to Professor Friedrich Halstenberg, the state's Minister of Finance, he refuted the charges and said that his dismissal was contrary to the law and his legal rights had been infringed.

The reason given for Herr Poullain's resignation was that he had, for some years, been a consultant to a Stuttgart-based property and real estate company which got into financial difficulties last year. For his consultancy he was paid a fee of DM1m. a year—far more than he earned at the Westdeutsche Landesbank (West LB).

It is fair to say that Herr Poullain's West LB salary was not particularly generous by West German private industry standards, although with his fees for membership of supervisory boards, it was considerably higher than the basic DM420,000. Indeed, it was one of the best paid public service jobs in the country. However, his basic pay was far lower than the amount between DM750,000 and DM800,000, reputedly offered to Dr. Hans Friderichs, the former federal Economics Minister, who is to take over as chief executive of the Dresdner Bank, the second largest commercial bank in West Germany.

At the time of his resignation there was no suggestion that Herr Poullain had acted as anything other than a normal consultant to the property concern. But to-day it was reported that the state government was alleging that Herr Poullain arranged two guarantees—one of DM1m. and the other of DM2m.—for the property group without Board colleagues being entirely aware of what he was doing.

The state government's action in summarily dismissing Herr Poullain seems likely to lead to further political trouble for the state government of North Rhine-Westphalia. Professor Halstenberg has been under strong pressure to step down not only from the Christian Democrat opposition in the state parliament but also from members of the government parties, the Social Democrats and the Free Democrats.

Strauss 'bugging' inquiry

BY ADRIAN DICKS BONN, Jan. 16.

THE WEST GERMAN Government announced to-day the establishment of a committee of inquiry, headed by a former state secretary at the Ministry of Justice, to look into the allegations that Herr Franz-Josef Strauss, the Christian Social Union leader, was the victim of a wire-tapping operation shortly before the October, 1976, Bundestag election.

Herr Strauss has accused the Social Democratic-Free Democratic coalition of having ordered the bugging of his telephone, though he has also denied the authenticity of some of the material claimed by news reports to have been obtained from the operation. He said to-day he had to assume his telephone was still being tapped.

The Government spokesman, Herr Klaus Boelling, has strongly denied that any official service was responsible, but conceded to-day that intelligence men might have been "illegally" involved.

The opposition has insisted that a parliamentary commission be set up, irrespective of the inquiry established to-day, which in turn will not get in the way of police investigation. the way of police investigations. Herr Strauss, meanwhile, has already set in motion a private prosecution against persons unknown, and has denounced "efforts to make the affair harmless" on the part of Herr Boelling.

Union plans closer links with Mintoff

By Godfrey Grima

VALLETTA, Jan. 16.

PLANS TO institutionalise and strengthen the traditional affinity between Malta's major trade union, the 28,000 strong General Workers Union (GWU) and Mr. Dom Mintoff's ruling Labour Party, were yesterday unanimously approved by the GWU's annual meeting.

A motion by the union's national council calling for reforms to allow the dovetailing process to take place was adopted by acclamation by the 600 delegates present.

Last year the Malta Labour Party (MLP) conference adopted a similar motion for changes to its constitution in preparation for the creation of closer ties with the GWU.

Little is publicly known of how this will be achieved and what effectively it would entail. According to Mr. George Agius, the GWU secretary, talks soon to open will concern the "nuts and bolts of hammering out a closer working relationship that would strengthen consultation and planning." Two major issues are expected to involve the prospect of union members being asked to become card carrying members of the MLP and mutual representation by the party and the union at various organisational levels.

The aim is to enable union and party to tackle jointly political and economic problems, particularly after the closure of British bases next year.

Canada lifts Europe uranium ban

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS, Jan. 16.

THE CANADIAN Government to-day lifted its year-long embargo on uranium shipments to the EEC. This follows the signature in Brussels of a temporary safeguards agreement which obliges the Community to consult Ottawa before re-processing or advanced enrichment of any fuel exported by Canada since the end of 1974.

The first shipments to be released are 2,500 tonnes of uranium on order by Britain and a further 500 tonnes under contract to West Germany. The consignments together are roughly equivalent to one-third of the Community's normal annual uranium needs.

The new arrangements, worked out in lengthy negotiations between the European Commission and the Canadian Government, replace an agreement concluded with the European Atomic Energy Authority (Euratom) in 1959 which was suspended unilaterally by Canada at the beginning of last year.

They are due to run for one year longer than the international fuel cycle evaluation programme established by Western industrialised nations at the London economic summit last May. Longer-term arrangements will be based on the findings of the study, which is expected to take another 18 months to complete.

Perhaps the most novel feature of the new agreement is the requirement for prior EEC consultation with Canada on enrichment beyond 20 per cent., reprocessing and subsequent storage of all material of Canadian origin shipped after December, 1974.

Detailed mechanisms for such consultation, which is aimed at avoiding risks of nuclear proliferation, will be negotiated by EEC and Canadian officials in the next few weeks.

Another significant aspect is that the agreement is the first of its kind to provide for community-wide verification procedures to be carried out by the Vienna-based International Atomic Energy Agency.

The IAEA will operate in the EEC in collaboration with Euratom.

France is the only country not yet to have agreed formally to IAEA inspection of its civil nuclear installations.

Spacemen return to earth

MOSCOW, Jan. 16.

TWO SOVIET cosmonauts returned to earth to-day in the Soyuz 26 ferry craft to a warm welcome from space programme officials after a five-day visit to two comrades aboard the orbiting Salyut 6 station.

Lokinog healthy and smiling, Colonel Vladimir Dzhanibekov and Engineer Oleg Makarov touched down at the Baikonur mission control in Kazakhstan, Central Asia, to be greeted with embraces, flowers, applause, and the bread and salt traditionally offered to Russian travellers.

Last Wednesday Dzhanibekov and Makarov in the Soyuz 27 craft, joined the Soyuz 26 crew already aboard the orbiting laboratory, to complete the world's first double-docking in space. Reuter

Swedish negotiations on pay contract break down

BY JOHN WALKER STOCKHOLM, Jan. 16.

CENTRAL WAGE talks between the employers' confederation (SAF) and the confederation of trade unions (LO) plus the industrial white collar unions (PTK) have broken down. Talks were initiated in November.

The trade unions represent about 1.4m. workers in industry and they stated at the start of the talks that they wanted a quick settlement.

The employers have refused to budge from their standpoint, which is for a contract covering three years with no pay increases for the first year and any increases to be negotiated on an annual basis.

SAF says that it is having an extremely tough time trying to sell Swedish goods abroad which are highly priced on world markets.

The employers point out that the unions should be satisfied with the Government's policy of reducing income tax this year and the new law which adds another week to the four-week industrial holiday.

The trade unions have countered by claiming that the lower paid employees will not benefit as other taxes are being increased and the cost of living is going up.

The LO also claims that this will be the second year in succession that living standards have dropped.

The expected increase in inflation this year is forecast at about 9 per cent. which in turn will shrink the family budget. The cost of daily consumer foods went up by 16.9 per cent. during 1977, according to the Price and Cartel Office. This is claimed to be the largest increase since the early 1950s.

Most industrial wage contracts terminate at the end of this month.

Continuity emphasised in Dutch policy statement

BY CHARLES BATCHELOR AMSTERDAM, Jan. 16.

PRIME MINISTER Andreas van Agt's policy statement to Parliament to-day showed that Holland's new centre-right Government will continue many aspects of the previous centre-left coalition's policies.

However, although the economy is likely to preoccupy the Government, the statement gave no insight into detailed thinking on economic issues such as the controversial excess profit sharing scheme, inflation accounting or plans for a nationalised post office bank. Problems such as a new law on abortion and integration of the South Moluccan minority into Dutch life were mentioned but not discussed at any length.

Mr. van Agt began his address to Parliament by re-affirming that the Christian Democrat-right-wing Liberal coalition has enough support in Parliament to govern. The new coalition has 77 members in the 150-seat Lower House although seven Christian Democrats have refused to guarantee they will always support Government policy. The centre-right coalition took six weeks to put together after more than five months of talks between the Christian Democrats, the Labour Party and the left-wing Democrats 66 party ended in deadlock.

Mr. van Agt's Government will intensify the previous Government's efforts to cut back on public spending and reduce the burden of tax and social security premiums. Limits will be set to the size of the budget deficit. Prices and incomes restraints will be continued and the cost of the social security system will be cut. The previous coalition's plan for selective investment premiums, which was delayed by last year's Government crisis, will start to take effect from April 1, Mr. van Agt said.

The new Government promises greater emphasis on exports and specific measures to stimulate foreign markets. Retraining schemes will be stepped up to increase mobility in the labour market. Mr. van Agt also promised support for medium-sized and small businesses.

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EUROPEAN NEWS

Bonn protest to E. Berlin over barring of Kohl

BY LESLIE COLITT EAST BERLIN, Jan. 16.

WEST GERMANY'S Permanent Representative here has protested to East Germany about yesterday's barring from East Berlin of Herr Helmut Kohl, chairman of the Christian Democratic Party (CDU). East Germany has rejected the protest.

Herr Kohl is the highest ranking West German politician to be refused entry to the East German capital since the process of detente began in 1971 between the two Germanys with the signing of their Basic Relations Treaty.

East German frontier guards refused to allow him into the eastern half of Berlin, saying his presence was not desired at this time. The West German Government has also protested sharply in Bonn to the East German Permanent Representative.

West Berlin officials report that East Germany is also increasing its spot controls of Westerners using the transit autobahn between West Berlin and West Germany. Nineteen travellers were subjected to strict controls by East German border guards at the frontier to West Berlin over the week-end. Under the Four Power Berlin Agreement of 1972, East Germany may not control the access roads over its terrirtory unless it "urgently suspects" misuse by the travellers of their journey under East German law.

Herr Kohl is attending a session in West Berlin of the CDU parliamentary group in Bonn and his attempted crossing into East Berlin by foot took place on the eve of the session.

In the past East Germany and the Soviet Union have objected strongly to West German Bundestag groups meeting in West Berlin, but the Western Allies here have upheld the practice, saying it conforms with the Berlin agreement, which speaks of ties between West Berlin and Bonn being "maintained and developed." East Berlin and Moscow reply by quoting further that West Berlin continues "not to be a constituent part of the Federal Republic of Germany and not to be governed by it."

Herr Kohl has frequently visited East Berlin as a private person, while attending functions in West Berlin, and this, too, was to have been a private visit.

A spokesman for the CDU Bundestag group in West Berlin said he believed the barring of Herr Kohl was conected with the "worsening of the political atmosphere" between East Berlin and Bonn, as illustrated by last week's closing of the East Berlin bureau of the West German news magazine, Der Spiegel.

The magazine had reported the existence of what it said is an opposition movement within the East German Communist Party that favours a break with the Soviet Union and eventual reunification of East and West Germany. Herr Kohl and other CDU politicians have said they believe there is such an opposition in East Germany.

East Berlin has mounted a full-scale propaganda attack against what it calls a "plot to undermine normalisation" between East and West Germany by the West German "federal intelligence service (BND) and revanchist, Cold War circles." A number of West Germans have been arrested recently as alleged spies and others have been convicted of espionage.

Norway-Soviet fish pact

BY FAY GJESTER OSLO, Jan. 16.

AN AGREEMENT between Norway and the Soviet Union regulating fishing in their respective economic zones has been signed here following a week of discussions by the Norwegian-Russian fisheries commission. The pact also sets catch quotas for the Barents Sea "grey" zone where boundary claims overlap.

The parties have agreed they can take up to 500,000 tonnes of capelin in each other's zones this year. In addition Norway can take 30,000 tonnes of cod and 5,000 tonnes of haddock in Russia's zone, while Soviet fishermen can take 80,000 tonnes of cod and 10,000 tonnes of haddock in Norway's zone. In the overlapping, grey zone area, both countries' fishermen are bound by the agreed total catch quotas for 1978, the commission points out. In Norway's zone below the sixty-second parallel, Russia is to be allowed to take 40,000 tonnes of saithe this year.

Cod quotas for third countries was fixed as follows: in Norway's zone 56,000 tonnes, in Russia's zone 34,000 tonnes and in the grey zone 20,000 tonnes.

New offer in Soares' bid to form government

By Diana Smith LISBON, Jan. 16.

WITH 48 HOURS to go before he must inform President Eanes whether or not he thinks he can form a government, caretaker Prime Minister Mario Soares has received an unexpected olive branch from the Social Democrats.

Last night, a Social Democrat communique revealed that the party's permanent commission (handling party affairs until new officers can be elected at a special congress later this month) had received a vote of confidence to negotiate with the Socialists and that Sr. Francisco Sa Carneiro (ex-president of the party and hitherto not inclined to give backing to President Eanes) had joined the negotiating team.

The party, the communique added, would urge President Eanes to "intervene more actively in the process."

The motive for this new attempt to find common ground with the Socialists was stated in the communique as the "exclusion of the Communist Party." Late last week, it seemed that all possibilities of an agreement between the Socialists and Communists had been exhausted—since the Communists wanted guarantees that radical legislation would be upheld and the Socialists had not given these.

The Social Democrat olive branch, however, may bear a thorn or two since strained relations between Sr. Sa Carneiro and Sr. Soares on the one hand and President Eanes on the other are an open secret.

Moreover, relations between the Christian Democrats in the running for Cabinet seats in the new government—and Social Democrats have also deteriorated.

In theory, a three-pronged pact of Socialists, Social Democrats and Christian Democrats would ensure a strong Parliamentary majority and stable Government.

In practice, it would have to stumble along a route studded with obstacles raised by the Communist Party whose control over most of labour has not diminished and whose exclusion from decision-making could have serious repercussions.

Meanwhile, the prominent Socialist and chairman of Portuguese television, Sr. Edmundo Pedro, is still in custody following his arrest last week and charges on illegal possession of weapons.

BAVARIA'S THURN UND TAXIS 'EMPIRE'

A tradition of enterprise

BY JONATHAN CARR IN BONN

STAYING rich is rather harder than becoming rich. So say, Johannes Erbprinz von Thurn und Taxis, who should know. He is safeguarding and extending the fortune this family built up through 500 years of European turmoil. His home is an ancient Bavarian castle at Regensburg on the Danube, less than an hour's drive from the border with Communist Czechoslovakia. From there he watches over a modern business organisation which has one foot firmly planted in the new world.

Aged 51, the Erbprinz (hereditary prince) gives no sign that the cares of tradition and wealth lie heavily upon him. Relaxed, smiling, red carnation in buttonhole, he greets guests in a softly-lit room furnished comfortably but without ostentation. He freely admits that Thurn und Taxis business interests take him out and about a lot. But that is all to the good. He would hate to stay at the castle and become, as he says, "a museum piece—a kind of Frankenstein."

There is a lot of travelling to do for one determined to keep in touch with all corners of the Thurn und Taxis "empire." There always has been. The family came originally from the Bergamo region of northern Italy and was the force behind the first European postal service. Franz von Taxis became the first postmaster of the Holy Roman Empire in the early 16th century when he undertook to see to it that the emperor's letters reached Brussels from Vienna. Business blossomed, Thurn und Taxis fame grew—and so did its fortune. The family kept its postal interests through all manner of upsets—including the French revolution—yielding them to Prussia only in 1867.

By that time Thurn und Taxis was diversifying—not least into land. About three-quarters of that—the holdings in Bohemia, Poland and Broatia—vanished in two world wars. But there is still plenty left, with expansion in the west helping compensate for losses in the east.

The family wealth includes 32,000 hectares of land for forestry and farming in West Germany, another 50,000 hectares in Brazil (with cattle as well as rubber and pepper plantations) and a further 6,000 in British Columbia.

In addition there are industrial enterpises (producing among other things special metal contacts for the electrical and vehicle sectors) in Europe and the U.S. There is a brewery with a product which—like the best wines—can justifiably be called noble. There is real estate and a small advertising agency. And last but far from least there is the buoyant Fuerst Thurn und Taxis bank, with headquarters in Munich. The Thurn und Taxis interests (excluding the bank) had a turnover of DM375m. (£94m.) in 1976, invested about DM30m. and employed more than 4,000 people.

To the 64,000 dollar question of how much the Erbprinz is really worth, comes an elegant but not wholly enlightening reply. The Erbprinz stands behind the bank with all his assets which are "more than enough" to cover the balance-sheet total of some DM500m.

The Thurn und Taxis crest.

The bank's manager, Dr. Juergen Reiss, modestly describes this situation as "comforting." Others more bluntly suggest that those who have an account in this bank have good reason to feel their money is as safe as castles.

A fair estimate of Thurn Und Taxis wealth is the more difficult since so many possessions are, literally, priceless. Who, for example, could buy the castle at Regensburg (one of about a dozen belonging to the Erbprinz) with its centuries-old furniture and pictures, its library with frescoes by the great Damian Asam, its 42 huge gobelins and 300 clocks (all ticking away on time)?

The state perhaps could buy—but to what end since the public can already use the library and visit all those parts of the castle not devoted to offices and every-day living. The state would also have to keep it maintained—and over the last quarter of a century the family has spent millions of deutschemarks on restoration and upkeep in Regensburg alone. Has the state helped? The reply given with the faintest suspicion of a curl of the lip is that the state has not even been asked.

What is the secret of Thurn Und Taxis success and durability? First it is a golden rule that the family wealth should be passed on into the hands of only one member. Unseemly quarrels which have affected some other wealthy families—often at the expense of a division and subsequent loss of the wealth itself—are blocked from the start.

Then, immediate appearances should not deceive. The Thurn Und Taxis bank in Munich's Maxmilianstrasse looks from the outside like a splendid monument to the past—like the reconstructed opera house facing it across the road. But inside all is up-to-date, computerised, the latest bourse listings and international exchange rates flickering across TV screens. The sceptic who thinks of Bavaria as a mainly rural area is inclined to ask what clients a private bank such as this can find in Bavaria, since Thurn Und Taxis family business forms only a small fraction of total activity. The answer given is that there are a lot of monied people about who like the flexibility and personal touch of a small bank (as well as the special security involved in this one). And apparently conservative Bavaria remains full of surprises. There is the Thurn Und Taxis client in Franconia, for example, who is engaged in lucrative business with China. . . .

Much the same applies in Regensburg. Behind the castle walls is one section devoted wholly to administration, with application of management methods which would disgrace no modern multi-national concern. The object is control of the far-flung Thurn Und Taxis holdings—divided into six major categories, basic production (farming and forestry), real estate, services, supply industries, consumer goods and brewing. Each branch is allowed a high degree of autonomy. But the contribution of each to the whole is under permanent scrutiny. Changes in the investment balance emerge with the unhurried tempo of an enterprise which values security above quick growth and which is almost wholly self-financing.

One big step was made in 1976 with acquisition of the Art Wire-Doduco Corporation of New Jersey, which gave Thurn Und Taxis an industrial base in the U.S. The head of administration, Dr. Hermann Memmer, forecasts further moves into "growth" areas of the U.S. When asked to define these he mentions not "silicon valley" in California, but agriculture, on the face of it a curious answer. But Thurn Und Taxis would clearly like to acquire experience of highly efficient American farming techniques from the inside. The rise of world population, the need for greater food production and better use of farming land all suggest a "growth" branch.

Such foreign interests all form part of the Thurn Und Taxis policy of distribution of risk. Dr. Memmer sees scope for further expansion—until a balance of about 25 per cent. abroad to 75 per cent. at home has been achieved. But what does the Erbprinz think? Does he not feel uncomfortable sitting almost on top of the iron curtain, in a country with a Social Democrat-led government and a continent whose political and economic future seems, to say the least, murky?

Wouldn't he like to retreat—at least to a tax haven like Switzerland?

The Erbprinz looks pained. Switzerland has no permament attraction for him. "What on earth do people do there?" he wonders. Besides he is not expecting an invasion from the east—and it was never Thurn Und Taxis policy to flee before imagined danger. True, Regensburg was once more or less the centre of the family's concerns—and now it is on the eastern border of them. But it is not impossible that with improvements in east-west ties, Thurn Und Taxis business might expand in the east as well.

That of course is taking the long view. But then the Erbprinz can afford to. He says goodbye as around the castle those 300 clocks chime away another hour into the second 500 years of Thurn Und Taxis.

Oil majors to fight Danish tax move

By Hilary Barnes COPENHAGEN, Jan. 16.

INTERNATIONAL oil companies in Denmark are expected to fight an attempt by Mr. Jens Kampmann, the Tax Minister, to make them pay more tax on their incomes.

The Minister is in the process of instructing the tax authorities to apply to the oil concerns a special clause in the Companies Act permitting an arbitary assessment of the tax of multinational companies.

In newspaper and television interviews, Mr. Kampmann has hinted that the same clause may also be applied to other companies.

"We are starting where the problem is greatest," he said.

The law which Mr. Kampmann wishes to apply states: "A company in Denmark which is controlled by a foreign company and, in its trading or economic relations with this company, is subject to conditions other than those applying to an independent company, is taxed on the earnings which it is estimated the company would have made if it was an independent entity concluding business with the foreign company."

Until now, the oil companies have been taxed as normal Danish companies. But it has been a sore point with some left-wing politicians that the oil companies have paid little or no tax, although in recent years all except Gulf have paid some income tax.

The reason why Gulf, Shell and Esso have not paid large amounts of tax is that they have been able to claim substantial depreciation allowances on refineries which they built here in the 1960s.

The oil companies are still waiting to hear officially what the Government intends, they assume that the Government will base its case on the transfer prices between the Danish subsidiaries and the mother companies.

"Our case is that our transfer prices stand up on an arm's length basis, but we are not so naive as to pretend that there are no problems about transfer prices. There are, and it is a complicated problem which is being discussed in the forum of the EEC at the moment," said the managing director of one of the oil companies.

POLAND

Where prices still rankle

BY CHRISTOPHER BOBINSKI IN WARSAW

AT THE END of the second Communist Party conference in Warsaw recently, Mr. Edward Gierek, the Party leader, told the delegates: "The roads are slippery. Be careful on the way home." In a country where shortages are causing discontent and where the general economic and political problems are great, the delegates will have needed little encouragement to tread warily.

The authorities claim to be satisfied with the overall economic performance, and the secretary to the Central Committee, Mr. Jerzy Lukaszewicz, asked reporters at a post-conference meeting how the Polish economy could be in crisis if industrial production and investments are growing and a million or so jobs have been created in recent years.

But the decision not to put up immediately food prices which have been frozen since 1976 but to do it gradually indeed shows that the party is fully aware of the dangers of an issue which has produced working class demonstrations twice since 1970.

Cardinal Wyszynski, the Primate of Poland, also sees the problems. His conciliatory tone towards the authorities in a major speech last week derives from his fear of what he calls "small revolutions." Speaking in St. John's Cathedral in Warsaw he in effect offered to help the authorities fight social ills such as industrial absenteeism or alcoholism.

Apart from his wish to avoid upheavals there are other reasons for his moderation. In another recent speech he said that during his meeting with Mr. Gierek two months ago he was asked: "What can be done so that the Church gains more influence on society, because we cannot deal with some of the current demoralisation." It must be difficult for a leader of a church which has been officially considered a negative influence for 30 years to resist such an appeal.

Cardinal Wyszynski also put forward his conditions to Mr. Gierek and then repeated them in public: an authentic Catholic Press, more freedom for Catholic associations, and the means to publish religious texts and more freedom from censorship.

The chances of having these conditions fulfilled remain to be assessed. According to Mr. Jerzy Lukaszewicz, who is in charge, among other things, of the Press and ideology, there will be normal talks to define who wants what—"One policy proves that we are willing to carry on these kinds of talks with the episcopate."

Non-conformist intellectuals have meanwhile taken to publishing unofficial duplicated newspapers, brochures and even books.

In spite of the recent seizure by the police of four duplicating machines, they have managed to produce an offset print run of more than 2,000 copies of a novel by a prominent writer, T. Konwickis, which he had decided to publish uncensored.

In addition, in Warsaw, university level seminars are being conducted in private homes which are not only popular among students but are attracting the attention and the support of a growing number of academics.

This emphasis on providing alternatives to what officialdom has to offer, rather than expecting the authorities to change, explains the little importance that is attached to the recent letter to the Politburo from an ex-First Secretary, Edward Ochab, and some other one-time prominent party officials. In it they appealed to the Party "to work out a programme of economic and political reforms" which would guarantee democratic forms of government.

The non-conformists are more interested in the working class, whose mood to some extent explains the authorities' conciliatory policies. Any kind of worker-intellectual alliance is still remote, although a remark by Jozef Pacer, Central Committee member and delegate to the Party conference from the Gdansk shipyard, that "there are a few cases of penetration into our ranks of irresponsible elements whose aims are foreign to us," shows that it is not altogether impossible.

Into all this there flew President Carter, on his six-nation tour, aware as U.S. officials said before he came of "certain economic and political problems" which could become significant given Poland's "very sensitive strategic-geographic position." His message, for both leaders and led, was that the world was "changing rapidly and the old ideological labels have lost their meaning." But he also showed by his praise of Mr. Gierek and his loan of $500m. to import grain that the U.S. was interested in a stable Poland.

As for the official Polish reaction, Press comment called the visit "constructive and realistic." At the same time Polish officials took every opportunity after Mr. Carter had gone to state that no one should expect to drive any wedges between Poland and its Socialist allies. As for the population, the effects remain to be seen.

AMERICAN NEWS

Peru debt service will take 46% of export income

By Our Foreign Staff

THE PERUVIAN foreign debt amounts to $7,171m., and the $910m. needed to service it this year will absorb 46.3 per cent. of receipts from exports, according to Gen. Alcibiades Saenz, the Peruvian Minister of Economy and Finance, as reported by Inter Press Service.

Of the $910m., $635m. will go for amortisation and the rest on interest payments. The expected servicing requirements for next year are put at $976m., of which $686m. will be absorbed by amortisation. Gen. Saenz declared that the unification of the exchange rate in October had meant that Peruvian foreign exchange reserves were no longer declining.

Meanwhile, the military government in Lima has warned that it will take firm measures if the Communist-controlled CGTP labour confederation goes ahead with plans for a 48-hour general strike on January 23 and 24. The general strike organised by various labour organisations in July, in protest against the fall in the standard of living caused, among other things, by the depreciation in the purchasing power of the sol, resulted in severe political and social tension.

The government is faced with two alternatives—seeking to balance its budget and pursuing an orthodox monetary policy by reducing the subsidies on staple foods, or bringing upon itself greater unpopularity as the cost of living continues to rise steeply.

The government's present policy is to let the price of bread rise by 30 per cent., and the price of sugar by 20 per cent., over the year. Despite the price rises, the government expects to pay $32m. in bread subsidies this year.

Ecuador chooses new constitution in heavy poll

By Sarita Kendall

QUITO, Jan. 16.

AN UNEXPECTEDLY large vote in the constitutional referendum in Ecuador on Sunday has moved the country a long way towards democratic rule.

Provisional results made the new constitution the choice of 43 per cent. of voters, followed by the revised 1945 constitution with 33 per cent. Blank ballots totalled only 23 per cent., in spite of a huge campaign to discredit the referendum.

Clearly pleased with the outcome, Vice-Adm. Alfredo Poveda Burbano, nominal leader of the three-man military ruling junta, said that no-one could deny the massive popular support given to the plan for the return to constitutional government, prepared by the armed forces.

Three political leaders have declared their candidacies for a presidential election in July. *One of them, Sr. Assad Bucaram,* was arrested in Guayaquil—the coastal city of which he used to be mayor—for propaganda activities which were banned during the poll. But the publicity surrounding his imprisonment gives a boost to his already strong populist campaign in which he is *spurning alliances with other* parties.

Apart from further arrests for similar activity here in the capital, the voting was peaceful and good-humoured, despite organisational problems.

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PRESIDENT SOMOZA'S NICARAGUA

Profound political change may be in the making

BY ALAN RIDING, RECENTLY IN MANAGUA

THE murder last week of *President Anastasio Somoza's* principal political foe seems certain to add to growing instability in Nicaragua. The immediate result of the assassination of an opposition newspaper editor, Sr. Pedro Joaquin Chamorro, was two days of the worst street rioting in memory in the capital city of *Managua. But in the long* run, it could serve to unite the growing opposition at home and abroad to the long-established but now shaky Somoza regime.

President Somoza. Is the smile fading?

Most Nicaraguans do not believe that General Somoza ordered the killing of the man who for 30 years had dedicated *himself to trying to overthrow* the family dynasty. "Somoza is too intelligent to do such a thing," seems to be the consensus. "After all, the murder harms him more than most others." But there is also little doubt that either politicians or businessmen close to the dictator paid the killers. So far, the leader of the four alleged murderers now under arrest has only named a Cuban-American called Pedro Ramos, who was conveniently in Miami at the time of the murder, as the man who paid them some $15,000 for the "job." Ramos was manager of a blood plasma export company that Mr. Chamorro's newspaper, La Prensa, claimed was owned by General Somoza. But no one believes that Ramos acted alone.

More than anything, evidence that members of the Somoza clique acted without the go-ahead of the President highlights his slipping political grip on the country. "This could never have happened in the past," one businessman said. "In the past, Somoza decided absolutely everything."

This "past" was not many months ago. Although opposition to the regime has been growing steadily since an earthquake in 1972 destroyed central Managua and provided the Somoza group with vast new opportunities for corruption, the President's real problems began with a heart attack last July. He was forced to spend ten weeks in the Miami Heart Institute and, after his return decided to run the *country from the quiet isolation of* his seaside estate at Montelimar, 60 km. west of Managua. Suddenly, the 52-year-old general was no longer taking every decision and new power groups began to emerge, not least the one surrounding the President's hot-headed 27-year-old son, Major *Anastasio Somoza.*

Sensing a growing power vacuum, the opposition decided to act. The left-wing Sandinist National Liberation Front abandoned its strategy of a "prolonged popular war" and, while stepping up its military offensive, established a political alliance with important non-Marxist groups, with the early removal of the Somozas as their common objective. The guerillas remain active in the northern province of Nueva Segovia, while support and sympathy for them, particularly among restless urban youth, is greater than ever.

The broadly-based coalition known as the Democratic Liberation Union—which was headed by Sr. Chamorro and includes dissidents from the traditional Conservative and the ruling Liberal parties as well as Communist and Social Democrats—also began a new political campaign against the regime, demanding a "dialogue" with General Somoza to press for rapid liberalisation of the country. Unaccustomed to sharing power or decisions with anyone, the President only agreed to participate in a "dialogue" following the municipal elections on February 5, after he was pressured to do so by the U.S. But after the murder of Sr. Chamorro the *opposition called off the "dialogue."* The new head of the Democratic Liberation Union, Sr. Rafael Cordova Rivas, told me: "We're not interested in talking to assassins or those who protect assassins."

General Somoza, of course, is used to, and can handle, *opposition from the Left,* but now he is also under siege from three traditional allies — the Church, the private sector, and the U.S. Government.

Earlier this month, the seven Roman Catholic bishops in Nicaragua issued a pastoral letter denouncing a "state of terror" *in many regions, with* arbitrary and indefinite arrests, inhuman interrogation methods, disrepect for life, accumulation of wealth in few hands, unpunished crimes and persecution of the Church. It added that the Church cannot remain silent "when a valuable sector of our people can only see patriotic solutions by taking up arms."

The *private sector has also* begun to question its loyalty to the regime. Angered by mounting corruption and "unfair" competition from the government-protected Somoza business empire, many younger industrialists have decided to assume a political role.

But perhaps General Somoza's biggest problem lies in his relations with Washington. These he described last week as "bouncing up and down." One year ago, the Carter Administration merely threw Nicaragua into its regular list of nations where human rights are routinely violated. But after Gen. Somoza had a heart attack in July and a guerilla offensive in October, Washington became increasingly concerned about the worsening situation in Nicaragua. The murder of Sr. Chamorro and the ensuing riots merely reminded the Carter Administration that its instincts on Nicaragua were right. For the first time since the family seized power in 1933, the Somozas are in real trouble and a profound political change may be in the making.

The simplistic view in Nicaragua is that Washington need only move a finger for Somoza to fall. But the Carter Administration is clearly not about to intervene against the regime. Instead, it is looking to the presidential elections in 1981 to provide a peaceful opportunity for the Somozas to step down from titular and real power.

But others in Nicaragua—the *opposition groups and the* guerillas — seem unwilling to wait until 1981. The U.S. may now have to take a firmer stand if it wishes to retain any credibility with the opposition groups which it once dismissed but can now no longer ignore.

Chile democrats sent to desert

By Robert Lindley

BUENOS AIRES, Jan. 16.

THE PINOCHET regime in Chile has banished the 12 Christian Democrats, alleged to have been "surprised" on Friday holding a "political meeting" in a Santiago office, to the desert north of Chile.

Among them are labour leaders, ex-parliamentarians and one woman. The place of banishment, at more than 10,000 feet near the Peruvian and Bolivian borders, is reputed to be the driest spot in the world. A former Christian Democratic senator, Sr. Tomas Pablo, said that the banishing of the 12 to a restricted area at that altitude, and in such a climate, endangers the health of some of them.

All political parties in Chile have been outlawed since the September, 1973, military coup d'etat led by Gen. Augusto Pinochet.

Abzug denied NY nomination

By John Wyles

NEW YORK, Jan. 16.

THE ATTEMPT by former Congresswoman Bella Abzug to resurrect her political career suffered yet another setback last night when she narrowly failed to secure the Democratic Party nomination to fill the U.S. Congressional seat left vacant in Manhattan by the *election in November of Mr.* Edward Koch as major of New York.

A county committee meeting ended in uproar with Mrs. Abzug's supporters contesting a third ballot result which gave the nomination to Mr. Carter Burden, a wealthy former city councilman. In granting victory to Mr. Burden, the chairman of the meeting disqualified a number of votes which would have swung the decision to Mrs. Abzug. She is now expected to challenge the result in court.

Korea questions 'going well'

SEOUL, Jan. 16.

THE INTERROGATION of Mr Tongsun Park, the central figure in the scandal concerning alleged payments by South Korea lobbyists to U.S. Congressmen, went ahead satisfactorily here to-day, according to the Assistant U.S. Attorne-General, Benjamin Civiletti.

The New York Times reported on Saturday that Mr. Park told interrogators that he had distributed cash, gifts and donations worth $750,000 to U.S. politicians.

Under an agreement with South Korea, Mr. Park, who was indicted in the U.S. in August on 36 counts of bribery and other charges, may be asked about matters involving criminal cases.

In exchange for his return to the U.S. and his truthful testimony in those cases, he will be granted immunity from prosecution.

UPI

OVERSEAS NEWS

Ali denies Russian base in Aden

By Rami G. Khouri

AMMAN, Jan. 16.

AMID CONTINUING reports of Aden being used as a transit point for large-scale transfers of Soviet arms to Ethiopia, the South Yemeni President, Mr. Salem Rubayyi Ali, has told a visiting American Congressman that the Soviet Union enjoys the *use of a "facility" in Aden for* its ships, but does not have and will not have a military base there in any sense of the word.

The Congressman, Mr. Paul Findley, an Illinois Republican who is in the Middle East with a delegation from the House international affairs committee, *made a three-day visit to Aden on his own* for talks with President Ali.

They were clearly approved by Washington as Mr. Findley was provided with a U.S. Government aircraft for the journey.

He is the first American official from the executive or *legislative branch of Government* to visit South Yemen since relations were broken off with the U.S. in 1969.

Mr. Findley had a long meeting with President Ali, during which the President sent a message of "warmest greetings" to President Carter, complementing the *American President on his policy* of "seeking good relations with all nations," Mr. Findley told the Financial Times here to-day on *his return from Aden.*

Mr. Findley also quoted President Ali as saying he hoped to have discussions soon with the U.S. about re-establishing full *relations, which Mr. Findley* expects to follow up in Washington next week.

Our foreign staff writes: The Soviet Union is known to have looked for increased military facilities in Aden after its forces were evicted from Somalia last November. The use of naval and air force facilities at the Somali port of Berbera gave the Russians a vantage point on the Gulf of Aden, while air force facilities in the southern part of the country were used for patrolling the Indian Ocean.

UPI adds from Nairobi Ethiopian *authorities have* liquidated 19 leaders of an underground political group and arrested 276 others in a campaign of "red terror" aimed at wiping out counter-revolutionaries in Addis Ababa.

Addis Ababa radio last night said *the operation was carried out over two days last week* against the Ethiopian People's Revolutionary Party, an amalgamation of intellectuals and students fighting for the return of civilian rule.

Sonatrach may borrow more

PARIS, Jan. 16.

THE ALGERIAN State oil company Sonatrach will probably make increasing use of the international financial market, Energy Minister Ahmed Ghozali said to-day.

He told the review Arab Oil and Gas that industrial project costs have risen three to four times in four years and the company needs to borrow correspondingly more. "We have not yet reached the critical stage of indebtedness," he said.

Francis Ghiles writes: Algeria borrowed $564m. on the medium term credit market last year, a figure somewhat below 1976's. Borrowings are expected to be stepped up this year.

After the large liquefied gas plant at Arzew comes on stream next month Sonatrach is expected to come to the market for about $250m. The terms Algeria pays are likely to be below those of loans raised in the past 15 months: a spread of 1⅝ per cent. for five or six years.

Nigeria promised $500m. a year by the World Bank

BY JAMES BUXTON

NIGERIA HAS been promised development loans up to a total of $500m. per year by the World Bank, Major-General James Oluleye, the Nigerian Commissioner (Minister) of Finance, stated in London yesterday.

The loans, which will be mostly for agricultural and rural development projects, are dependent on the Nigerian government putting forward sufficiently evaluated viable projects, he said. The arrangement will run for the two financial years to the end of the current five-year plan period in March 1980, when it will be reviewed.

In Washington a spokesman for the World Bank said he could not confirm the $500m. figure but said that the Bank was planning a much increased programme of assistance to Nigeria.

Major-General Oluleye was in London for the signing of a $1bn. syndicated bank loan for Nigeria which has been co-led by Chase Manhattan, Morgan Guaranty Trust and Compagnie Financière de la *Deutsche Bank.* The loan, which is over seven years, is on a spread of 1 per cent. over the inter-bank rate.

The $1bn. loan and the commitment of up to $1bn. from the World Bank are part of a programme by which Nigeria proposes to raise a total of $5.5bn. over the *next two years* to finance its development plan.

Under its revised development plan Nigeria aims at a public sector spending total of Naira 28.5bn. ($41.34bn.) over the five-year period ending in 1980. Rapidly rising recurrent spending, plus a lower-than-expected oil income, *has reduced* the Government's surplus for development expenditure, necessitating its resort to international sources of finance.

Major-General Oluleye confirmed yesterday that Nigeria is seeking further loans on the Eurocurrency market and that *it expects* supplier credits totalling $1.5bn. as a further source of finance. The Nigerian government has said that it wants to raise $1bn. in syndicated bank loans as a source of general finance, and a further $1bn. in project related loans on the market.

Though Nigeria is the world's eighth biggest oil producer with an output of 1.8-1.9m. barrels per day, its population of about 80m. leaves it with a per capita income of under $500m., according to the Finance Commissioner. "One should not confuse temporary financial liquidity with *wealth nor look only at the size* of our revenue from petroleum, but should consider the magnitude of our responsibilities, for wealth can only reasonably be assessed in relation to need."

Cape Town shanties wrecked

CAPE TOWN, Jan. 16

WORKERS WITH bulldozers, protected by armed police, to-day began smashing down squatters' shacks in the black shantytown of Unibell outside Cape Town.

As police with dogs surrounded the illegal squatter township, one bulldozer started to demolish the shacks. Another was standing by. The move has been awaited since last August, when the white authorities demolished another Cape Town squatters' camp at Modderdam.

The authorities argue that the shantytowns are illegal and insanitary, and say that most of the inhabitants are not entitled to be in the district under the system which decress the areas where blacks are allowed to live in South Africa.

They want the majority of the squatters to go to tribal homelands. But by mid-morning to-day only five people out of Unibell's estimated population of 10,000 had reported to a special office set up in the township to arrange transport.

Some of the squatters at Unibell were flattening their own *shacks—a reminder of the Modderdam* operation in which many shanty-dwellers set fire to their pathetic homes as a sign of protest.

A Modderdam, police lobbed teargas into crowds of black demonstrators and white sympathisers. But no trouble was *reported in the early stages of* the Unibell demolition.

However, the Anglican Archbishop of Cape Town, the Most Reverend Bill Burnett, has issued a statement calling for the squatters at Unibell to be given alternative accommodation.

"Those who live there belong to a people which is tired of being discriminated against and pushed around," he said.

Indications are that they are determined to be pushed no further. The result of what may happen at Unibell in terms of human suffering and in a further deterioration in race relations could be devastating.

By lunchtime, about 100 shacks has been demolished. Smoke filled the air from about 20 shacks whose irate occupants had set them on fire in a protest gesture against the advancing bulldozers. White reporters evacuated the scene, saying the atmosphere had become dangerous.

At that stage, fewer than 20 residents of the township had applied for transport to the homelands.

The shanties were being flattened to-day at a rate of about one every five minutes.

Brigadier J. H. Van Der Westhuizen, chairman of the local Bantu (black) Affairs administration Board, which is mounting the operation, could not say how many shanties would be demolished to-day.

"We'll see how things go," he added.

Reuter

Marcos splits big group

BY MIGUEL SUAREZ

MANILA, Jan. 16.

PRESIDENT FERDINAND MARCOS to-day divested a huge Filipino business conglomerate of three companies under its fold shortly after ordering an investigation into reports that the group, headed by a Presidential golf crony, had received large commissions for helping the U.S. firm Westinghouse secure a $1.1bn. nuclear power plant contract.

The companies divested from the Herdis Group, which is headed by Herminio T. Disini (who is married to a first cousin of Mr. Marcos's wife, Imelda), were the *Cellophil* Resources Corporation, Philippine Cellophane Film Corporation, and Herditax Mills, Inc.

Information Secretary Francisco Tatad told newsmen Government stake in these firms totalled at least Pesos500m. (about $66m.), and Mr. Marcos wanted to avoid an appearance of favouritism. Mr. Tatad added that the President was also considering divesting one or two other companies belonging to empires set up by people who may have benefited from their close association with Mr. Marcos.

In a statement published to-day, Mr. Disini, who controls or has investments in around 35 companies (many of them supported by loans from Government institutions with assets reportedly in the vicinity of $200m.), said nothing illegal was involved in his dealings with Westinghouse and branded reports of any impropriety as "malicious and untrue."

A couple of Disini companies have also won contracts for constructing and insuring the nuclear plant, which is scheduled for completion in 1980. Of the plant's total cost, $644m. is being financed by the U.S. Export-Import bank.

The National Power Corporation, which will own and operate the nuclear power plant, has also denied that the plant was overpriced.

Lebanon fighting as Minister has talks

BY IHSAN HIJAZI

BEIRUT, Jan. 16.

LEBANESE Foreign Minister Fuad Butros held talks in Damascus to-day as a new round of fighting erupted between Palestinian guerillas and right-wing Christian militiamen in Southern Lebanon.

The situation in the border area with Lebanon was expected to have been among the subjects Mr. Butros raised with his Syrian counterpart, Mr. Abdel Halim Khaddam. An agreement reached last July between the Lebanese government and the Palestine Liberation Organisation for *phased guerilla withdrawal from* the south remained unfulfilled.

Syria was reported to have eased the pressure on the guerillas in Lebanon as a result of the new alliance between Damascas and the PLO against Egyptian President Anwar Sadat and his peace initiative with Israel.

According to eye witnesses, the guerillas and the right-wing Phalangists, who are said to be backed by the Israelis, engaged *in artillery duels during the* night. The shelling was centred between the Palestinian-dominated town of Nabatiyeh on the one hand and the Christian-dominated towns of *Marjayoun* and Qliaa on the other.

Both sides blamed each other for the new outbreak of fighting. *Observers are convinced the new* clashes may be a result of the inter-Arab split which followed President Sadat's journey to Jerusalem in November.

Mr. Butros was also planning to discuss the overall security situation in Lebanon with Syrian officials. Beirut and other parts in Lebanon were rocked by a wave of explosions recently. Informed sources estimated the number of explosions during the past month at well over 50. The targets varied.

UPI reports from Beirut: The Palestine Liberation Organisation is not a radical movement and the envisaged Palestinian state will not be a Communist satellite, Salah (Abu Iyad) Khalaf said in an interview published to-day.

Abu Iyad, the number two man in the Al Fatah Guerilla group, said the Palestinians were more than eager to meet with the American administration to explain their case and prove that they were not Communists.

DAVID LENNON in Tel Aviv examines the background to the fight for the West Bank and Gaza

A question of economic survival for both sides

THE STONY hills of the West Bank and the densely populated Gaza Strip will be the focus of intense struggle during the next round of Egyptian-Israeli talks which finally got off the ground yesterday.

The issue is whether the 1,134,000 residents of these two disputed areas will have local autonomy, as Israel is offering, or become citizens of a Palestinian state, as they and the Arab world wants. As in the past, the people who live there may have little say in their own future—despite the U.S. hope that they will be consulted.

The West Bank is by far the most populated of the Arab territories overrun by Israel in the 1967 war. Bounded by the Jordan River on the east, and the winding 1949 armistice line in the west, the area covers 5,900 square kilometres.

As far as Israel is concerned, at least, the area is divided into *two regions: Judea in the south* and Samaria in the north, the two Old Testament names by which the Israel Prime Minister, Mr. Menahem Begin, prefers to call the area. The 690,000 inhabitants are predominantly Moslem, with about 40,000 Christians concentrating in the towns of Bethlehem and Ramallah. Refugees numbering 60,000 live in 23 camps.

The residents are Jordanian citizens and the Jordanian legal codes are still in effect under Israeli occupation. Municipal government is controlled by local leaders. Schools, hospitals and local law enforcement, including the judges and police are run by the residents of the area.

Neither the Jordanians during their 19 years of rule, nor Israel during the past 10 years, have invested much capital in developing local industry. As a result, the West Bank remains basically a rural society.

The West Bank has undergone a genuine expansion in the past decade with annual growth rates rising as high as 21 per cent. at the peak, and still running at 8 per cent. according to the statistics of the Israeli Military Government. Growth has resulted not from any structural change in the economy but from mechanisation and the introduction of new methods which occurred. One of the most striking examples has been the increase in the number of tractors in use from 130 in 1967 to over 1,700 to-day.

Startling increases in crop yields have been recorded. Agricultural production has grown seven-fold while the percentage of the labour force employed in farming has dropped from 34 per cent. in 1968 to 27 per cent. to-day.

But the major single area of concentration of employment for the West Bankers is Israel itself. According to official figures 40,000 residents of the area work in Israel. But unofficially the number is put at 70,000—the equivalent to somewhere between a third and a half of the West Bank labour force. It is estimated that the wages transferred from Israel to the West Bank constitute over a quarter *of the Gross National Product* of the area.

This is one of the key factors which will have to be taken into account when a political solution is being worked out. Despite the fact that the West Bank Arabs as a rule do the tough construction and manual jobs that Israelis are reluctant to undertake, they cannot hope to enter *the professions and higher-grade* occupations in Israel. The people of the West Bank, as well as Israel, will want to continue this mutually profitable relationship.

Shortly after the 1967 war the farmers of the West Bank resumed the export of their *agricultural produce eastwards* across the Jordan. That traffic has continued to grow over the years. Imports from Jordan are minimal, amounting to little more than $2-3m. a year. It is from Israel that the West Bankers buy most of their needs ranging from farm machinery to consumer durables. Israel is the West Bank's principle trading partner and the West Bank is Israel's main export market after the U.S.

This economic bond is another factor that must inevitably influence the political decisions. Israel would like to keep this expanding export market, though not all West Bankers are happy to be so closely tied to Israel.

The Gaza Strip is very different. It is a narrow slither of land 40 kilometres long and no more than 5-10 kilometres wide, in all, only 363 square kilometres of land located along the Mediterranean north of Sinai.

A study published last year on the economies of the West Bank and the Gaza ***Strip*** **by the Carnegie Endowment for International Peace pointed out that the redeployment of Arab labour employed in Israel "would involve a massive effort in relation to the size of the local economy" and "a level of investment at a totally different order of magnitude than the territories have experienced." For this reason alone, quite apart from political considerations—it would be difficult to reverse the large degree of integration between Israel and the territories achieved over the past ten years.**

By the same criterion it is doubtful whether—even if the Arab oil states pumped into the territories huge amounts of aid and Israel agreed to the return of refugees in meaningful numbers—the area could absorb and support a small proportion of the 2m. Palestinians living outside the country. This is a basic fact that in the last analysis must condition the shape of a final peace settlement.

Its northern border is only 50 kilometres south of Tel Aviv.

Into this tiny area there are crowded 440,000 people, two-thirds of them refugees from the 1948 war and their descendants. The density of population is one of the highest in the world. An estimated 80 per cent. live in urban centres, including refugee camps close to the towns. Gaza City has a population of over 120,000. The Strip lies along the historical invasion route between Egypt and the Eastern Mediterranean countries.

During the 1948 war the Egyptian Army occupied the Strip and established a military government but did not annex *the area and Cairo always* insisted that the territory was being held in custody. In 1956 Israel occupied the Strip for a few months, and in 1967 occupied it again. During the current negotiations Egypt has not demanded that the Gaza Strip be returned to its control. Had such a demand been made Israel would have rejected it out of hand.

The Gaza Strip suffered from high unemployment prior to the Israeli occupation, and job opportunities for the population were few. Israel applied a policy of providing jobs to keep the population busy. But the Strip remained a main centre of sabotage until very harsh measures were used in 1971 to crush the militants. To-day 57 per cent. of the labour force works *in* Israel officially; in reality the figure is probably some 20 per cent. higher.

Apart from supplying cheap labour for Israel, the main area of economic activity is agriculture. As on the West Bank, farming has undergone rapid modernisation in the past decade. The mainstay remains citrus fruit with a growing diversification to other crops, such as tomatoes.

Israeli policy towards the West Bank and the Strip has been ambiguous ever since the occupation in June 1967. At first Israel wanted to trade them for peace agreements. But the Arab states refused to negotiate, and Israel began to see other possibilities.

The army argued that the lands offered Israel strategic depth, and ultra nationalistic Jews argued that the land was theirs by historic right. Slowly Israel began to build Jewish settlements in the occupied territories.

With only a few exceptions, the settlements built on the West Bank between 1967 and 1973 were designed for defence. They were located along the Jordan River, and planned as a trip wire for invading forces. After 1973 the settlement drive was intensified but still mainly for defensive purposes, with the then Labour Government avoiding planting Jewish settlements *among* the areas populated by Arabs.

During the past three years the ultra-nationalist Gush Emunim movement has begun forcefully to demand the establishment of settlements in all parts of the West Bank. Their quasi-messianic intention was to ensure that by having Jews living all over the area it would be impossible to *return any of the area to Arab* sovereignty. With the advent of the Begin Government, their dream was realised, and to-day their settlements are sprouting all over the West Bank with more than a dozen set up in the past six months.

Settlements were built in and around the Gaza strip too.

These settlements are designed *to form* a buffer zone between the Sinai penninsula and the strip. With the prospects of bulk of Sinai area being returned to Egyptian sovereignty, Israel has launched a massive programme to speed up the construction of new buildings and prepare more *land for farming in the area.*

The assumption behind all the building in the occupied territories since 1967 was that the Jewish settlements would determine the borders of the state. It was the recognition of this reality which led to protest against settlement among not only from Arab residents of the areas, but also from the neighbouring Arab states and many western countries, including the U.S.

Despite the sizeable investment in money and rhetoric, the number of Jews living in the settlements in these occupied areas *does not exceed* 8,000 to-day. (There are another 3,000 in the settlements on the Golan.)

The indigenous residents of the West Bank and the Gaza Strip—united in their desire to end the Israeli occupation but divided in their views on what should replace it will be watching the talks in Jerusalem with intense interest.

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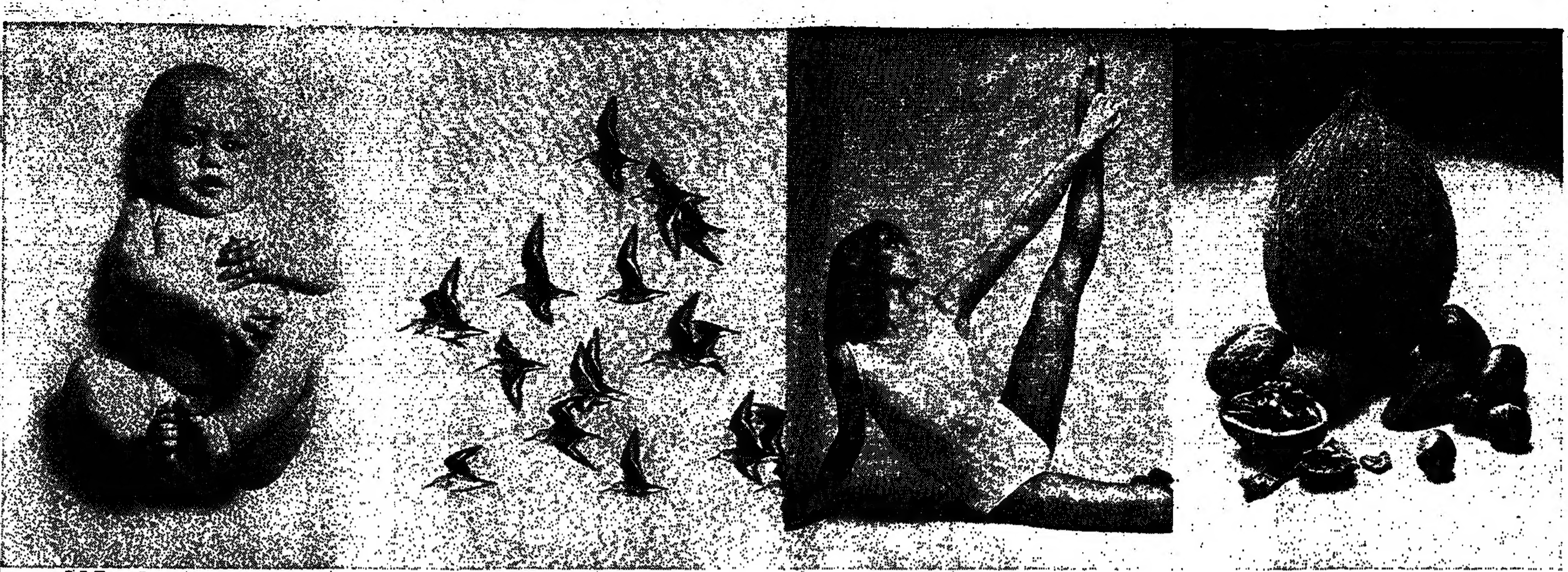

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WORLD TRADE NEWS

Hijaz rail project for tender soon

By Rami G. Khouri

AMMAN, Jan. 16.

THE TRIPARTITE Jordanian-Saudi Arabian-Syrian technical committee to study the feasibility of reconstructing the entire Hijaz railway from Damascus to Medina will meet in Riyadh later this month and issue tenders calling for international consultants to help evaluate the scheme.

The technical committee includes two members from each country, and was established during a meeting here in October of the three countries' transport and communications ministers. The meeting in Riyadh is tentatively set for January 23.

Nuclear order

CAMERON Iron Works' forged products division, of Livingston, Scotland, has won a £3m. export order to manufacture very high quality stainless steel pipe for the French nuclear industry.

The pipe has been ordered by Framatone, the French nuclear power station manufacturer, for use in all areas of its nuclear programme.

Yarn assurances

The EEC has secured assurances from the Greek and Turkish industries concerning the level of their exports into Community markets of a number of textile products, including cotton yarn and cotton cloth. There will be limits both on exports to the Community as a whole and to individual member states.

Launches for Qatar

Cheverton Workboats of Cowes has won an order worth more than £750,000 to supply three pilot launches and two general service launches to the Gulf State of Qatar. Vessels ordered are two 8.2 metre general service launches together with one 17 metre and two 15 metre

GATT mandate

EEC foreign ministers meet in Brussels to-day to discuss a negotiating mandate for the next GATT session of multilateral trade negotiations starting in Geneva on Monday, Repter reports. The EEC Executive *Commission has proposed to* Ministers the EEC back a U.S proposal for 40 per cent. tariff cuts, but France has indicated its opposition. Meanwhile, apanese External Economic Affairs Minister Mr. Nobihiko Ushiba will hold trade talks with EEC President Mr. Roy enkins on anuary 28 or 29. They will centre on EEC demands for Japan to boost imports of European products.

Chinese trade increases by 12% to record level

BY COLINA MacDOUGALL

CHINA's trade increased by 12 per cent. last year, reaching record levels and achieving a surplus, Peking announced yesterday. While Western estimates did not suggest that last year's increase might have been big enough to push the total to a record, the trend towards the end of 1977 was markedly upward.

When figures become available in the West for the last few months of the year, the Chinese claim may well be confirmed.

China publishes no official statistics, but figures can be reconstructed from those of partner countries. Previous US. estimates give 1975 as Peking's top trade year, imports and exports totalling $14bn. Preliminary Washington figures showed 1977 as reaching $13.5bn., up from the $13.3bn. total of 1976.

In view of China's reluctance to borrow to finance imports, perhaps its trade balance is more important for Western businessmen than actual totals. Peking's claim to a surplus last *year is confirmed by the available* figures, which show a much reduced trade gap in exchanges with OECD partners (which include all China's suppliers of industrial equipment and grain) and a huge surplus with Hong Kong and South East Asia, one of Peking's biggest markets.

Washington now estimates that China will have a favourable hard-currency balance of about $1bn. on last year's trade, according to the latest issue of the China Business Review, the magaine published by the semi-official National Council for U.S.-China Trade.

Earlier predictions suggested a much higher figure, but it is now realised that Chinese imports increased heavily at the end of last year, though this does not show up yet in the trade figures.

Last year's surplus comes on top of an estimated favourable hard-currency balance of $1.3bn. in 1976. While China's trade fell *back in that year because of* political problems, the drop was most substantial in imports, so that despite its problems, Peking ended that year well in the black.

These estimates are supported by recent Bank of International Settlement figures, which show the Bank of China with over $2bn. out on deposit with the banks of eight major Western countries.

With this cash available, China Business Review has estimated that China might buy as much as $2.5bn. worth of complete plant annually over the next three years, provided that large grain imports were no longer needed.

This estimate assumed that the purchases would be made on roughly the same deferred payment terms as in the past, that China's hard-currency exports would grow at roughly 10 per cent. annually and that the repayment ratio would remain at about the same level as before.

● **Peter Cartwright writes:** As part of the developing U.K. trade *with China, increasing numbers* of milling machines and radial drills are now being imported. After a year's trials, Toft Machine Tools of Worcester is importing 60 units over the next two years.

They comprise two vertical, and two horizontal millers, plus a 16-speed radial drill.

The chief attraction of the machines is their price, up to 25 per cent. below equivalent machines from East and West Europe. The larger horizontal machine sells for around £10,000 compared with a more usual £15,000. Electrics have been modified to British standards.

Agricultural exhibition

The British Overseas Trade Board is organising a British pavilion at an agricultural machinery exhibition to be held in Peking in October.

Achieving self sufficiency in agricultural products is the most important element in China's economic strategy and they are concentrating their efforts on farm mechanisation in all branches of the industry, the Board said.

The Chinese had expressed interest in a range of products, including articulated tractors, combine harvesters, fuel pumps, sugar beet planting machinery, implements for tractors, test benches, livestock rearing equipment, battery hen equipment, tractor engines, irrigation equipment and hydraulic equipment.

India may buy ships in Britain

BY OUR SHIPPING CORRESPONDENT

SUNDERLAND Shipbuilders hopes to finalise technical specifications next week on an order from the Shipping Corporation of India for six 16,500 dwt cargo liners worth about £50m.

Mr. Jim Gilfillan, chairman of Sunderland, has been asked to fly to Bombay this week-end for talks with the shipping corporation, which is buying the ships as part of a tied overseas aid package from the U.K.

A marketing team from British Shipbuilders, led by Mr. Ross Belch, managing director of Scott Lithgow, is also due to visit India and Pakistan later this month. Mr. Belch said that it would be following a number of general lines of inquiry rather than pursuing any specific deals.

Meanwhile, Mrs. Judith Hart, Minister for Overseas Development has approved the provision *of a grant of £8.6m. from British* aid funds to Pakistan to finance part of a project in Punjab Province, aimed at improving water use and controlling salinity problems in irrigated agriculture. The project, an element of Pakistan's on-going salinity control and land reclamation programme, is likely to cost over £100m. and will be co-funded by the International Development Association of the World Bank and West Germany, as well as by the Pakistan Government, itself.

At least half of Britain's £8.6m. aid will be used for the purchase in Britain of essential equipment for the project—for *re-modelling canals,* transport and laboratory facilities, and for pumping stations. The remainder will finance the local costs of the civil works associated with the drainage element of the scheme. The Punjab Government and Pakistan's Water and Power Development Authority will be responsible for the irrigation aspects of the project on which the British aid is being concentrated.

Change in U.S. export credit urged

By David Satter

MOSCOW, Jan. 16.

MR. ADLAI STEVENSON, the U.S. Senator, said to-day that the Jackson-Vanik amendment to the 1974 Trade Act, which denies the Soviet Union trade advantages and Export-Import Bank financing, has deprived the U.S. of valuable "leverage" in relations with the Russians.

He believes it is possible to devise a "more effective formula" for linking trade to the general state of bilateral relations.

Mr. Stevenson, chairman of the Senate International Finance subcommittee, to-day met Soviet political and trade leaders. He said "few members of Congress are comfortable with the Jackson-Vanik amendment," which explicity linked expanded U.S.-Soviet trade possibilities to freer Jewish emigration.

Mr. Stevenson believes the Soviets have no direct need for U.S. credits and cited recent Soviet borrowings on the Euromarket at rates almost as favourable as those offered by the Export-Import Bank. The Soviets want the Jackson-Vanik amendment eliminated because they want U.S. Government support for long-term projects.

"Credits ought to be available," Mr. Stevenson said, "but not a blank cheque. Pressure should be kept on, but we want to make it as easy as possible for them to loosen up."

Mr. Stevenson said that a possible solution might be the enactment of legislation similar to the amendment he sponsored to the 1974 Export-Import Bank Bill which was passed into law but effectively superseded by Jackson-Vanik and set a $300m. ceiling on Export-Import Bank financing for Russia which could only be exceeded with Congressional approval.

The Stevenson amendment had the virtue of making Export-Import Bank financing available to Russia but under careful Congressional control, Mr. Stevenson said.

Olympic coins to go on sale

By Our Own Correspondent

MOSCOW, Jan. 16.

SILVER, GOLD and platinum coins commemorating the 1980 Moscow Olympics are about to go on sale throughout the non-Communist world in a major marketing effort by a consortium consisting of Occidental Petroleum and Lazard Freres of Paris.

Occidental and Lazard Freres signed a contract with the Soviet Union to market $150m. worth of coins in the countries outside the Soviet Union and Comecon and estimates have placed the eventual value of sales at as high as $190m.

French companies in £300m. worth of Ivory Coast deals

BY ROBERT MAUTHNER

PARIS, Jan. 16.

FRENCH COMPANIES have signed contracts with the Ivory Coast worth Frs.2.8bn. (more than £300m.) since January 1, 1976, President Giscard d'Estaing said at a Press conference at the end of his five-day visit to the Ivory Coast yesterday. Contracts currently being negotiated by French companies with Ivorian partners amounted to Frs.6bn.

Agreement has already been reached in principle on a Frs.1bn. to Frs.1.5bn. contract for the extension of the Ivory Coast television network for which the French Government will provide financing on favourable, but as yet unspecified, terms.

The French electronics group Thomson-CSF is reported to be one of the main partners in a project to create a second Ivory *Coast TV channel,* which will also require the assistance of some 2,000 French technicians. The French Government is expected to bear at least some of the cost of this technical assistance.

Another important result of President Giscard's visit is that the Ivory Coast has undertaken to order two merchant ships from French shipyards (probably container ships), a contract worth some Frs.200m., which was previously expected to go to the Japanese.

Under present plans, the Ivory Coast will have a merchant fleet of 15 ships, of which eight have already been ordered from Japanese yards, and three from Spain. To enable French shipyards to compete more effectively, the French Government is reported to be willing to grant a subsidy equal to 3 per cent. of the value of orders in *addition to loans of various kinds.*

French motor manufacturers are also expected to obtain orders for buses and other vehicles from the Ivory Coast and it is understood that the French *State-controlled oil* company Elf-Erap, which withdrew from the Esso-Shell consortium prospecting for offshore oil before the recent discovery of oil will be invited back to the Ivory Coast. The chairman of Elf, M. Chalandon is expected to go to Abidjan in the near future to negotiate the terms of a new concession.

Uddevalla wins contract for Singapore tankers

BY JOHN WALKER

STOCKHOLM, Jan. 16.

UDDEVALLA, one of the Swedish State-owned shipyards, has won a contract valued at Kr.500m. (£55m.) from the Norse group of Singapore for the construction of three 79,999 dwt tankers. Delivery will be made during 1979-80.

The ships are of a new type developed by Uddevalla and will give employment security to the *yard's 3,000 employees, including* those at one of the company's subsidiary concerns at Lysekil.

During 1977 Uddevalla obtained contracts for two 128,000 dwt tankers. These, together with the new order announced to-day, brings the total order book up to 11 ships totalling 1.46m. dwt.

Meanwhile, Bofors has won a Kr.500m. order from Iran to construct buildings and set up equipment during the next three years for a number of chemical projects for the production of acids, ethyl alcohol and other industrial chemicals. The equipment includes a cooling system, a laboratory and several waste purifying units.

A contract has also been signed by Amtrak and the electromotive division (EMD) of General Motors to build the first series of a fleet of high-speed locomotives. The new locomotives are based on the RC4 locomotive built by ASEA of Sweden which Amtrak successfully tested last winter. EMD, the licensee in the U.S. for ASEA electric locomotives technology, has obtained a licence to build a locomotive similar to the ASEA unit but with more power and higher speed.

The first order is for eight locomotives at a cost of $22m. However, *Amtrak's total* programme calls for 30 locomotives which will cost $77.9m. The locomotives will be used to pull trains of up to eight cars at speeds of up to 200 kp/h (120 mph) in the north-east corridor between Boston, New York and Washington.

Our Amman correspondent adds: The Swedish concern Agri Consult AB has been awarded a $700,000 contract for the design and construction supervision of a flour mill complex outside Amman, which will form part of an integrated national project for the import, storage, processing and distribution of various commodities, particularly wheat, frozen meat and various grains.

The mill, to be designed by Agri Consult, will cost some $7m., which has been obtained in soft loans from West Germany.

Arabs lend $180m. to Venezuela

By Joseph Mann

CARACAS, Jan. 16.

VENZUELA'S Finance Minist[er] Sr. Luis Jose Silva Luongo, h[as] disclosed that the Venezuel[an] Government has signed a cre[dit] agreement whereby a group [of] Arab banks will loan this count[ry] 785m. Bolivars ($178m.).

The Arab institutions, whi[ch] were not identified, will ma[ke] the loan to the Government [of] Venezuela for seven years, [the] Ministry said. This is the fi[rst] time Venezuela has carried o[ut] a major credit operation w[ith] Arab nations. Sr. Silva Luon[go] added that the action not o[nly] opened new financial mark[ets] *but also constituted "a positi[ve]* effort at improving relati[ons] among members of OPEC."

Over the last year-and-a-h[alf] the Venezuelan Government h[as] actively sought funds on forei[gn] capital markets for financing [its] industrial development proje[cts] and for refinancing existing de[bt].

The loan will be used to p[ay] for the three public works p[ro]jects in the metropolitan ar[ea] including a new headquarte[rs] for the Ministry of Education, building to be used by the ju[di]cial branch and the Tere[sa] Carreno Fine Arts Centre.

Last year Venezuela borrow[ed] $1.2bn. in one operation a[nd] $350m. in another from t[wo] syndicates of foreign banks.

The government, which pla[ns] significant borrowing abroad o[ver] the next two years, is now ne[go]tiating another $1.2bn. cred[it]. The Venezuelan National Ste[el] Company, Sidor, also was lo[ok]ing for $500m. late last year, b[ut] there has been no recent ne[ws] on its progress.

Meanwhile, Britain's Minist[er] *of State for Energy, Dr. J. Dic[k]*son Mabon, and a commissi[on] representing both private a[nd] public sectors of the U.K. energy industry to-day began [a] series of talks with Venezuel[an] officials on areas of mutual [in]terest for both nations.

The Minister stressed possib[le] co-operation in Venezuela's pla[ns] for offshore oil exploration a[nd] the possibility of using U.[K.] equipment and technology.

Venezuela's State oil monopo[ly] is to begin offshore explorati[on] at three sites this year and t[he] nationalised petroleum industry['s] capital investments for 1978 w[ill] reach $1.16bn.

Dr. Mabon and his team a[re] meeting Venezuela's Ener[gy] Minister, Sr. Valentin Hernande[z] in order to discuss speci[fic] energy needs.

The British group will [al]so hold talks with Sr. Ar[...] Gamboa (who directs [...] billion dollar Government [pro]grammes in steel, iron [...] aluminium and electric po[wer]) along with other Govern[ment] officials.

HOME NEWS

Fraud case jury hears of £¼m. share loss

FINANCIAL TIMES REPORTER

'OUR MAJOR reasons for the ollapse of the stockbroking firm f Chapman and Rowe in the tock Exchange 1973-74 recession ere outlined at the Old Bailey esterday, when five former part-ers and their managing clerk ere accused of plotting to efraud clients.

The trial is expected to last aree months. It will involve ore than 1,000 pages of chibits.

The former stockbrokers are lan Harman, 34, of Putney eath Lane, Putney; George dward Miller, 38, Wimbledon ark Road, Wimbledon; Ralph larke, 50, Sterling Street, South ensington; Victor Thomas ndrews, 33, Great Thrift, Petts 'ood, Kent; John Maxwell Gor-on, 37, Slade Bottom, St. Mary ourne, Hants. Their former anaging clerk is John Michael oodsell, 35, Marlpit Road, aarpthorn, Sussex.

'lients' funds

All pleaded not guilty to larges of conspiracy, theft of lents' shares, and producing a lse balance sheet to the Stock xchange Council.

Mr. Neil Denison, prosecuting unsel, said that the firm was ammered" on April 1, 1974. It was unable to meet its bar-iins after getting loans from inks by pledging clients' securi-es.

These had been pledged with-it clients' authority and so the ock Exchange compensation nd had to make up the defici-icy, as the banks had sold the curities to get their money ick.

Before the crash Mr. Miller st £250,000 in gold share deal-gs; the firm was owed £200,000 Rosadec; efforts by Mr. Har-an to borrow £300,000 to help e firm failed, just before its llapse; and plans for a merger ith aonther stockbroking firm, Allman and Co., fell through.

Mr. Denison said that the rules of the Stock Exchange had been broken in several respects. They had required a liquidity margin of £35,000 in the case of a seven-member firm such as Chapman and Rowe—two of whose part-ners are not accused.

That margin, be said, had not been maintained in the six months before the hammering, the firm having included money due from partners in its assets and having left out substantial sums due to banks.

Index slide

"It under-stated its liabilities and over-stated its assets," Mr. Denison said, after advising the jury that the customary length of time before share transactions are completed, especially in rela-tion to "bear" dealings, might have a bearing on the case.

Turning to the collapse, Mr. Denison said: "The years 1973-74 can best be described as disastrous as far as the Stock Exchange was concerned. In less than 15 months the FT index fell by nearly 50 per cent., from 505 to 263.

"The effect of this dramatic fall in share values meant that stockbrokers' commission drop-ped, as there were fewer buyers, and that any securities which they had pledged for loans, pro-perly or improperly, fell in value. So the amount of col-lateral securities involved had to rise.

"Chapman and Rowe had addi-tional problems of their own. They were owed well over £200,000 by Rosadec, which had to be written off as a bad debt.

"Mr. Miller was an uncovered bear of gold shares, which proved the exception to the general fall in stocks and kept on rising. He was selling gold shares which he had not got in the hope that the market would fall, and in the end lost £250,000 in these gold share dealings.

"The firm's partners were desperate to get money by early 1974. Mr. Harman approached Mr. Challis, of the First National Finance Corporation, who had been involved with the Crown Agents before that, in the hope of getting a loan of £300,000.

Merger talk

"But after Mr. Challis had reviewed the position of Chap-man and Rowe, through his accountants Touche Ross, he was advised not to grant the loan and it fell through.

"Mr. Clarke approached Alt-man in March 1973 with a view to a merger, and talks were going on until the 11th hour even one minute after the 12th hour.

"Mr. Altman and Mr. Clarke were still discussing a possible merger in the early hours of April 1, 1974, just before the firm was hammered, and the merger never took place."

Mr. Denison alleged that Keens, Shay, Keens and Co., auditors for Chapman and Rowe had prepared a wholly mislead-ing balance sheet for the Stock Exchange Council on its position for the year ended September 14, 1973.

The auditors were at fault in signing a certificate but responsi-bility for the accuracy of the accounts rested firmly on the partners of Chapman and Rowe

The charges

—Between January 1 and Janu-ary 31, 1974, they furnished formation to Deloitte and Co. id to the Council of the Stock xchange for the purpose of tisfying the Stock Exchange at Chapman and Rowe had 'operly maintained accounting ecords and had sufficient quidity to comply with bargains, id with a view to gain for them-lves produced a balance-sheet ted September 14 which to eir knowledge was misleading, e and deceptive in a material ticular.

Between September 1, 1973, and April 2, 1974, they con-ted together to defraud clients apman and Rowe by using and shares belonging to is as security for loans 'ed to the firm by banks and cial institutions without the arity of their clients, and by ealing their use of these rities, by the misuse of eys received by Chapman Rowe, by falsification of and records, and by ers other subtle, devious and crafty means and devices."

3—Stole in March, 1973, 1,975 Myddleton Hotel shares belonging to Moscow Narodny Bank.

4—Stole in March, 1973, 11,250 GEC shares belonging to Trade Development Bank.

5—Stole in January, 1974, 25,000 Metropolitan Estate and Property Corporation shares belonging to Mr. Hubert Pratt.

6—Stole in February, 1974, £8,000 Newcastle local authority bonds belonging to Robert Wilkie Limited.

7—Stole in March, 1974, 2,000 Henleys Limited shares belonging to G. C. Bates and Company, Limited.

8—Stole in March, 1974, 10,000 Spillers shares belonging to Moscow Narodny Bank.

9—Stole in March, 1974, 5,000 First National Finance Cor-poration shares belonging to Carrett and Company, Limited.

10—Stole in March, 1974, 32,500 Universal Grinding shares and 2,500 ICI shares belonging to Moscow Narodny Bank.

British Steel fined after death blast

ITISH STEEL was fined £700 terday after admitting charges nected with an explosion ich killed 11 men at a South mberside plant more than two rs ago.

The blast ripped through part the Appleby Frodingham Steel rks at Scunthorpe on Novem-4, 1975, showering molten tal over hundreds of yards. ir men died and 15 were taken hospital with serious burns. en of them died of their uries.

The corporation pleaded guilty two charges of failing to ure the safety of employees. count related to two men the corporation's failure to intain the cooling system of Queen Victoria blast furnace. the other to the failure to vide suitable protective cloth-for three men.

BSC was fined £500 on the first nt, £200 on the second, and ered to pay costs.

Mr. Jeremy Roberts, prosecut-on behalf of the Health and ety Executive, said water-king under pressure from part he furnace cooling system ran a 40-foot long torpedo ladle containing 150-200 tonnes of molten metal.

Men had not been able to stop the leak because a nearby pipe carrying hot air had burst.

A locomotive was called to move the torpedo, but as it started to pull away there was a violent blast.

The water leak was caused when a plug fell from a cooler. The plug was found later. In-stead of being made from brass, which was used by the manu-facturers, it was steel. Of the 120 plugs on the furnace 21 were found to be made of ferrous material. It was bad practice to use steel plugs because there was an increased risk of corro-sion, Mr. Roberts said.

Mr. Michael Wright, QC, for the Corporation, said it was now accepted that the use of ferrous metal plugs was unsuitable. But they had been widely used at Scunthorpe for 25 years and no plug failure of this type had happened before. The type of plugs used had now been changed.

Mr. Justice Stephen Brown, passing sentence, said he was "satisfied there was no gross negligence."

Asbestos dust 'inches deep' at Leyland plant

ITISH LEYLAND was fined yesterday for failing to n contractors working at the er works at Solihull, rwickshire, that they were ling with dangerous asbestos. Mr. Christopher Hamilton, a tory inspector, told Solihull gistrates he was horrified by what he found at the former Rover 2000 plant last September.

Dust containing 12 per cent. asbestos was inches deep on every flat surface. Contractors working on stripping the factory and Leyland's own employees had been exposed to the dust, which came from insulation material.

Weetabix to raise prices

NOTHER food company has en allowed to raise its prices ile they are investigated by e Price Commission. Weeta-x has been given the go-ead for rises averaging more an 6 per cent. on its range cereals.

Under the prices legislation, company's proposed price creases can be frozen while ey are investigated. But if freeze would reduce profits yond a certain point, the mmission has to allow an terim increase.

As a result of envoking these profit safeguard provisions, Weetabix is to be allowed to raise the price of its Weetabix range by an average of 6.36 per cent., and that of its Alpen range by 6.46 per cent.

The great majority of com-panies selected for investiga-tion by the Commission have been able to get at least part of the price increase proposed as a result of profit safeguards written into the legislation.

Citroen spares cheaper

By Terry Dodsworth, Motor Industry Correspondent

CITROEN CARS reduced the price of its spare parts by an average 16.5 per cent. yester-day as part of its campaign to increase sales substantially in the U.K. in the next few years. It hopes for a 7.5 per cent. rise this year.

The Citroen announcement comes after a period of con-siderable adverse criticism of imported vehicles on the grounds of high parts costs. Citroen has been one of the main butts of this criticism.

Mr. Patrick Brun-Wibaux, managing director, said yester-day the company accepted that its prices had got out of line. But there had been no increase in parts prices for the past 14 months, and the company was taking the unusual step of cut-ting them as well.

Three factors had helped the company with this policy, the removal of tariffs between the U.K. and Common Market, the exchange rate improvements, and Citroen's purchasing opera-tion in the U.K.

Mr. Brun-Wibaux said that last year Citroen's U.K. purch-asing organisation, Wraxhall Holdings, bought equipment worth £5m. in Britain. It expects the value of these pur-chases to double this year and reach £28m. by 1980.

● NEWS ANALYSIS—PRIDE & CLARKE

Why Inchcape wants to buy

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

INCHCAPE'S proposed acquisi-tion of Pride and Clarke, the Toyota distributor in the U.K., prompts the question of what impact the deal will have on Japanese car sales in Britain.

In theory, the Japanese car importers are acting under a policy of deliberate marketing restraint imposed by their manufacturing partners in Japan.

Although there are signs that the policy is breaking down, there is no doubt that the Government will try to make it stick this year, and that Toyota's prospects of growth will there-fore be limited. Why then should anyone want to buy the franchise?

Inchcape's answer is three-fold. First, the company has been looking for new business in the motor distribution field and has a limited number of possibilities for expansion.

Through Mann Egerton and Bewac, motor dealerships it is reckoned to have about 9 per cent. of all British Leyland sales —very close to what Leyland likes individual distributors to have.

The John Fry dealership business, which came into the group through its acquisition of a part of the late Sir Denys Lowson's interests, was divested because of its heavy involve-ment with Ford in other parts of the world. Ford also imposes some limits on the amount of business it is willing to do with any one distributor.

Inchcape was left mainly with the importers as potential acquisitions. This meant that its range of possibilities was limited, since a large number of the importers are controlled by their parent manufacturing companies. Hence the attraction of Pride and Clarke, one of the few independents.

Second, even if Inchcape was forced to accept a position of little real growth at Toyota GB in the near future, it reckons that more profits could be squeezed out of the organisation.

The record

"There are always improve-ments that can be made in the distribution of spare parts, ser-vicing and other things without necessarily increasing the sale of new vehicles," Inchcape said yesterday.

The record indicates that there is some scope for financial improvement at Toyota GB given Pride and Clarke's figures.

The group, in which the Toyota franchise is the largest part, made a profit of only £516,000 in 1976 and forecast a profit of £1.6m. last year; yet Citroen, selling virtually the same number of cars last year (a little over 20,000), made £2.5m.

Inchcape's third point is that there are possibilities for Toyota to raise its market share at the expense of the other Japanese importers.

"It is not our objective to try to increase the overall share of Japanese imports in the U.K. On the other hand we would obvi-ously like to see Toyota gain a greater share of the agreed Japanese penetration figure."

The possibility of Toyota GB being able to achieve that kind of unilateral expansion is limited.

Every other Japanese importer wants a larger slice of the same limited cake, and unless Toyota is able to persuade its fellow manufacturers in Japan that its needs should take priority in Britain, there is virtually no way that the U.K. importer can expand.

The Japanese parent company may have decided on a big push in the U.K. at whatever expense to the informal understanding on voluntary restraint.

It has for some time been showing signs of dismay that it is having to play second fiddle to Datsun in Britain, and within the past two months there have been several warnings that the Japanese might try to push ahead.

It is clear that the acquisition has the full blessing of Toyota's head office. The Japanese com-pany knows Inchcape well, since the British company sells, and in some cases assembles, its cars in countries such as Malaysia, Singapore, Hong Kong and Ethiopia.

In most of those, the Inchcape record is a good one. And Inch-cape is confident that it can do well with the Pride and Clarke business.

The profits

Mr. Peter Heath, the managing director of Inchcape, said yester-day that he did not intend to change the Toyota GB manage-ment, although Inchcape direc-tors would be going on to the Board. But he said that he expected better profits soon.

"Their profits have been rather on the low side. We have looked into this very carefully, and we are sure that the price we are paying—£10.7m.—is very fair and reasonable in view of the future profits potential.

"At the same time, the U.K. motor market will grc— now that it has recovered from the oil crisis. After all, at Mann Egerton we made £4m. last year."

NatWest may buy Bank in New York

BY MICHAEL BLANDEN

NATIONAL Westminster Bank is interested in expanding its operations in the U.S., possibly by buying a banking operation in the New York area.

Mr. Eric Carter, the bank's international general manager, said yesterday that NatWest had had talks with a number of banks in the U.S. and with the Federal Reserve.

But it had not reached the stage of discussing the price for a purchase.

One possibility would be to to take a majority interest in an existing bank, in line with the group's approach in other parts of the world.

He suggested that there were advantages at present in considering expansion in the U.S. following the sharp rise in the value of the pound against the dollar.

Speculation

The bank had yet to decide finally whether to extend its operations by buying an existing bank or to build on its present representation, Mr. Carter added.

There has long been speculation about the possibility of NatWest increasing its U.S. representation following the expansion there of Barclays Lloyds.

NatWest has branches in New York, San Francisco and Chicago with marketing outlets in Los Angeles and Houston.

The thought was revived yesterday by publication of an interview with Mr. Carter in the financial newletter International Insider.

Mr. Carter was reported to have said that increasing its U.S. operations would build up a larger dollar base as support for the U.S. operations as well as to help underpin the bank's total dollar international operations.

Columnist made no 'influence' attempt

MR. GORDON TETHER, the columnist who alleges he was unfairly dismissed by the Financial Times, has been cleared of any intention to influence a witness giving evidence for the newspaper publishers at an Industrial Tribunal hearing.

He complained to the Employment Appeal Tribunal yesterday that the industrial tribunal hearing his claim had wrongly decided that he had attempted to influence Mr. Mark Van de Weyer, father of the National Union of Journalists chapel (office branch) at the Financial Times.

The employment appeal tribunal formally dismissed his appeal on the "influence" point. Mr. Justice Phillips, the president, pointed out that the industrial tribunal had in fact made no ruling on the matter.

The judge also dismissed Mr. Tether's appeal against the industrial tribunal's refusal to order production of documents giving salaries of senior Financial Times journalists.

No decision

The trouble arose over a memo sent by Mr. Tether to the union accusing Mr. Van de Weyer of breaking union rules.

The industrial tribunal had merely expressed disapproval of Mr. Tether's action, said the judge, and had not given an actual decision to take further action over the memo.

The industrial tribunal had said it regarded proceedings for contempt of court as unnecessary, and the following day it accepted that the memo arose more from a misunderstanding of the role of a union official than from any corrupt intention to influence a witness.

"The industrial tribunal are saying they do not think Mr. Tether did intentionally seek to influence one way or the other the evidence of Mr. Van de Weyer," said the judge. Mr. Tether's action was probably an error of judgment.

The unfair dismissal claim by Mr. Tether, of Lawfords Road, Worplesdon, Surrey, has already lasted 14 days at the industrial tribunal and is scheduled for a further 15.

No damage

Mr. Justice Phillips said that, in the interests of all the parties and justice generally, "this particular side issue should be buried and forgotten."

It did not appear that any damage had been done and the employment appeal tribunal did not suppose that the members of the industrial tribunal were going to let the incident influence them for or against Mr. Tether.

The industrial tribunal had acquitted Mr. Tether of intending to do something improper, said the judge. It was a storm in a teacup which should be allowed to blow out.

Toy fair to transfer to Earls Court

BY STUART ALEXANDER

THE TOY FAIR is to leave the National Exhibition Centre in Birmingham after only two years and move to Earl's Court, it was announced yesterday.

Mr. J. H. Thake, chairman of the British Toy and Hobby Manufacturers' Association, said that the main reason for the move was that Earl's Court could offer a slightly later time than the Birmingham venue, which would reduce the time gap between the U.K. show and the big German toy exhibition in Nuremberg.

London would also be more popular with overseas buyers and offered far better entertainment and accommodation.

A three-year contract has been signed with Earl's Court and, from next January the toy fair will follow the Boat Show.

At Birmingham yesterday, the flow of visitors was slightly down on last year, particularly the wholesalers, who recently have been visiting a show in Harrogate, Yorks.

Although some good orders are being placed, buyers were reported to be more selective than usual. Strong favourites such as skateboards and some electronic games were selling well.

The industry had a poor year last year, although early signs were good. Christmas sales helped to avoid a disaster, but retailers have deliberately run down stocks and there has been no rush to buy replacements.

The mail order houses and big store buyers continue to grow in importance. Small retailers in the U.K. are maintaining their position more successfully than those in the U.S., where there are about the same number for a population nearly four times as big.

Senior executives of various companies agreed yesterday that prospects for this year in general were not exciting and that overall growth, if any, would be small. They felt that a cut in the rate of employment could give an immediate boost to sales of cheaper toys.

Move may cost 400 jobs

AIRFIX is to close its loss-making 70-year-old Meccano and Dinky factory in central Liverpool and switch the bulk of its production to a new plant in a move which could cost up to 400 jobs, writes Stuart Alexander.

The company held talks with union representatives yesterday to explain its £1m. streamlining plan. Questionnaires are to be sent to all employees on Friday, asking them if they wish to make the move to the new plant—four miles away at Huyton—which the company hopes will be in production by mid-March.

Most of the redundancies are expected to be among part-time women, but some full-time jobs also may be lost—at least until production and sales reach a level that allows the work force to be restored to former levels.

Meccano and Dinky, both part of the Airfix group, continued to make losses last year, but the ranges have been redesigned and repackaged for this year.

Mr. Ralph Ehrmann, chairman of Airfix, said yesterday that he hoped this would be the last year that he had to report losses on the two lines.

The group recently decided against taking up an option on the ownership of Tri-Ang, which has been given a 12-month reprieve by the Welsh Industry Office. Airfix has severed all connections.

Mr. Ehrmann also announced a £5m. line of credit over 10 years from Barclays Merchant Bank to finance the group's further expansion. He said that the non-toy operations now contributed about 25 per cent. of the group's profits and hoped this would rise eventually to 50 per cent.

The company would be looking at opportunities in both Europe and the U.S. An additional £2.7m. was available from the rights issue of July 1976.

The group already made shoes for Marks and Spencer and the Crayonn range of home accessories, and he was looking for parallel lines to be sold through department stores.

National Bus again returns net surplus of about £4.4m.

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

NATIONAL BUS, the State corporation responsible for 40 regional operating companies, held its own financially last year—in spite of a second unsatisfactory year from its coaching subsidiary, National Travel and a 3 per cent. fall in the number of passenger journeys.

Mr. Robert Brook, the corporation's chief executive, said that last year's results "would not be very different from those for 1976," when the corporation had a net surplus of £4.4m.

The 3 per cent. rate of decline in passenger journeys was an improvement on the dramatic 9 per cent. drop in 1976. One reason for National Bus's ability to maintain its financial position has been its matching of the fall in usage with a similarly reduced route mileage.

At National Travel, which runs express coaches and sells excursions and holidays, the fall in business has been more marked, with a 7.5 per cent. reduction bringing loss in passenger journeys to 17.5 per cent. over two years. This in part reflects the success of British Rail's cheap off-peak inter-city services.

National Travel says it, too, has made economies to offset the drop in traffic, but is only now considering its first round of mileage cuts, which will involve alterations to frequencies rather than withdrawal from entire routes.

A reorganisation of National Travel's senior management and a strengthening of its marketing side was undertaken last year.

National Travel's revenue last year rose by 24 per cent. to £36m., providing evidence of a tough fares policy. But it is doubtful whether the operation will be able to show the small trading profit returned in 1976.

Fares for National Bus as a whole increased by an average of 13 to 14 per cent. and, with a 10 per cent. day deal with drivers and conductors almost in the bag, similar increases are expected this year.

The corporation's biggest battle continues to be over the level and stability of support received from county councils, about a dozen of which are unwilling to increase spending on bus revenue support in line with targets set by the Government in its Transport White Paper.

Already, this has resulted in the corporation reducing its requests for support to county councils by 13 per cent.—a figure which indicates the reductions in mileage being implemented by operators faced with a cash shortage.

Mr. Brook said that National Bus was now well advanced with a programme of detailed, local market studies which would enable it to respond more quickly to reductions in local authority support by cutting out services which made the heaviest demands on resources.

Mr. Brook said that National Bus's relationship with county authorities was improving and would be further strengthened by the requirement on counties in the Transport Bill now before Parliament to produce five-year rolling transport plans.

House prices 'to rise faster'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

PRICES of houses in inner cities and in surrounding urban areas could rise faster this year than those of most other properties, says the Abbey National Building Society.

The Abbey says the active housing market will continue this year because of continuing high demand and a good supply of building society mortgage finance.

And more people are considering living nearer their work because of higher fares, it says in a new publication.

The Abbey, says that average house prices rose by only 7 per cent. last year, slightly lower than some other observers calculated.

New house prices, however, are estimated to have risen by about 10 per cent.

Despite increased activity in the market the types of accommodation being bought have not greatly changed. Although increased trading in detached houses might have been expected, there was no evidence to suggest that this had happened so far, it says.

Detached houses, flats and maisonettes in the past quarter accounted for the same percentage of loans as in the past three months of 1976.

Semi-detached and terraced properties were involved in a rising number of transactions while bungalows were slightly less popular.

The Abbey's figures show that first-time buyers accounted for 77 per cent. of flat sales and 71 per cent. of sales involving terraced properties.

Existing owners accounted for 79 per cent. of sales involving detached homes and only 23 per cent. of flat and maisonette transactions.

Trade deficit cut to £1.65bn.

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DEFICIT on visible trade fell £1.9bn. last year to £1.65bn., the smallest since 1972.

A major part was played by the £1.16bn. decline in the deficit on oil trade though this understates the contribution of North Sea oil. Without this, the visible oil deficit would have been even larger.

Exports rose 27 per cent. with volume up 8½ per cent. This indicates a rise in the U.K. share of world trade.

Although the rise in imports was smaller—at 17 per cent. with volume up 6 per cent.—purchases from abroad of finished manufactured goods increased rapidly.

The terms of trade index—the ratio of export to import prices—rose 2 per cent. last year following the recovery of sterling.

BALANCE OF TRADE

		Exports	Imports	Exports	Imports	Terms of trade	Oil balance
		£m. seasonally adjusted		Volume seasonally adjusted 1970=100		*Unadjusted 1970=100	£m.
1976		25,416	28,987	136.6	134.3	80.1	—3,960
1977		32,174	33,831	148.4	142.3	81.7	—2,792
1976	1st	5,642	6,180	132.2	126.2	81.4	—960
	2nd	6,242	7,149	137.8	134.7	80.0	—957
	3rd	6,429	7,573	134.9	138.0	80.3	—1,041
	4th	7,103	8,085	141.5	138.2	79.1	—1,002
1977	1st	7,457	8,385	141.9	142.4	80.4	—816
	2nd	8,055	8,778	149.9	144.8	80.1	—725
	3rd	8,423	8,467	153.7	142.0	81.5	—586
	4th	8,239	8,201	148.0	139.9	84.8	—665
	July	2,733	2,978	153.5	149.3	79.6	—199
	August	2,796	2,660	152.0	131.9	82.0	—182
	Sept.	2,894	2,829	155.7	144.9	83.0	—205
	October	2,771	2,725	150.0	140.4	83.9	—231
	Nov.	2,650	2,578	142.9	133.2	85.3	—153
	Dec.	2,818	2,898	151.2	146.2	85.3	—281

* The ratio of export prices to import prices

Source: Department of Trade

Viscount Davignon—may be among speakers.

Britain to host textiles meeting

By Rhys David

BRITAIN is to play host to an international conference on textiles which will review prospects for the industry against the background of the recently concluded extension of the GATT Multi-Fibre Arrangement.

The conference, which is being organised by the British Textile Confederation in association with the Textile Institute, will be held at Heathrow on May 25 and 26.

It is hoped that speakers will include Viscount Etienne Davignon, the EEC Commissioner for industry, and senior spokesmen for the industry inthe U.S., India, Hong Kong, the U.K., and from GATT. The conference will be opened by Mr. Edmund Dell, Secretary for trade.

The British Clothing Industry Joint Council, the body formed last year to bring together the industry's main trade associations, has appealed to the Government to review its decision to phase out temporary employment subsidy after March 31.

Mr. Matt Reid, convenor of the council, points out in a letter to Mr. Eric Varley, Secretary for Industry, that roughly half the jobs protected by the subsidy are in the textile and clothing industries, and says there could be significant effects on employment if the subsidy is removed.

The Government has said that it was considering alternative aid for industry when the subsidy ends, and it is known that the Department of Employment has been working on a replacement scheme.

Any new measures will have to be approved, however, by the EEC Commission in Brussels, which is trying to persuade member governments to phase out industrial subsidy measures on the grounds that they represent a distortion of intra-EEC competition.

Clothing exports rise 50%

By Our Industrial Staff

CLOTHING and textile exports showed a surplus of £14m. in the third quarter last year, compared with a deficit of £25m. in the same period of 1976, says the quarterly review of the Textile Statistics Bureau.

Clothing exports rose 50 per cent. by value and 19 per cent. by weight compared with the third quarter of 1976. Imports rose 13 per cent. by value but fell 3½ per cent. by weight.

Textile exports showed less than half the rise of clothing. And the rise was more than countered by the 25 per cent. increase in the value of imports, including man-made staple and semi-processed wool.

The trade balance in man-made staple, wool fabrics and carpets improved. But there was a falling off in man-made filament yarn, cotton yarn and man-made fibre fabrics.

Welsh steel investment go-ahead urged

By Robin Reeves
Welsh Correspondent

THE Government was yesterday urged to give the go-ahead to new investment projects in the Welsh steel industry.

The Welsh Council, the body which acts as a Neddy for Wales, recognised the industry's present financial difficulties, but said it was essential to press ahead with new investment now to maintain market competitiveness.

The decision was also prompted by what Sir Melwyn Rosser, Council chairman, described as "great alarm" at the employment prospects for Wales in the 1980s and the need not to lose sight of longer-term strategy.

A proposed £835m. investment at the Port Talbot steel complex is still awaiting the final go-ahead.

Forecasts show that Welsh workers will increase by 107,000 between 1976 and 1990.

With unemployment in Wales running at over 90,000 and little hope of the country's major industries taking on more workers—the Port Talbot investment will mean fewer workers—the Council decided to urge the Government to study the scope for earlier retirement, longer holidays and a shorter working week, to meet the rising demand for jobs.

Planners divided on petrochemical industry strategy

BY KEVIN DONE, CHEMICALS CORRESPONDENT

CHEMICAL industry leaders have failed after more than two years of talks to agree a strategy for the petrochemicals sector, which accounts for about 30 per cent. of the industry's sales.

The petrochemicals sector working party has been looking, as part of the Government's industrial strategy, for ways of implementing three major objectives. These are to increase the U.K.'s share of West European ethylene, propylene and benzene production, to raise the U.K. market share for plastics materials in Continental Europe and to attract overseas investment.

But a working party report, which members have decided not to publish, makes it clear that the two sides of the industry have failed to reach any agreed conclusions or recommendations for action.

The report will be considered by the next meeting of the National Economic Development Council on February 1 with reports from nearly 40 other sector working parties.

Working party members include representatives from the major companies in this sector, ICI, Shell, BP and Esso and officials from two of the main unions in the industry, the General and Municipal Workers' Union and the Association of Scientific Technical and Managerial Staffs

Disagreement between the two sides of the industry has become more pronounced in recent months. Trade unions have been pressing for major investments to take account of increasingly available oil and gas feedstocks from the North Sea, and there has been growing talk of the need for planning agreements.

The chemical companies, however, are anxious that any new projects should be strictly related to market opportunities. They have been quick to point out the serious overcapacity in base petrochemicals which exists throughout Western Europe. They have set their face firmly against any suggestion of company by company planning agreements.

But their case does appear to have won at least grudging acceptance from the unions on one major issue.

Dropped

One of the most controversial early proposals for petrochemicals agreed in the NEDO forum was that urgent consideration should be given to building four ethylene plants by 1985. These are the basic unit of a petrochemical complex, each costing in excess of £200m.

It appears that this idea is being quietly dropped in the face of continuing depressed trading conditions. The report says that the working party considered that the proposed timetable could be achieved only with much higher growth rates across Western Europe than those now projected.

Petrochemical exports in 1976 amounted to £1bn. against imports of £850m. But there is a deficit on trade with other EEC countries, where exports totalled £540m. as against imports of £640m. The working party talks have aimed at bringing this trade into balance.

Fair trading action over concrete deals

BY OUR CONSUMER AFFAIRS CORRESPONDENT

ANOTHER TEN unregistered restrictive practices in the ready-mixed concrete industry were placed on the Register of Restrictive Practices yesterday.

The companies registered yesterday have featured in other agreements. They include Amey Roadstone, Ready Mixed Concrete and Tilling Construction Services.

Mr. Gordon Borrie's, director general of Fair Trading, action follows revelations last year about the way the companies' regional divisions combined in various parts of the country to allocate contracts.

Since then, the Office of Fair Trading has been sifting through details of the alleged agreements and placing them on the Register.

Mr. Borrie has said that he would take all such cases to the Restrictive Practices Court.

There are now 111 such agreements and more are likely to be added over the next few months.

West Midlands smaller companies do better

FINANCIAL TIMES REPORTER

NEARLY half the 251 medium and smaller companies reporting to the West Midlands regional group of chambers of commerce received appreciably more orders in the last quarter of last year compared with the previous quarter.

More than half reported considerably higher home deliveries — 52 per cent against 36 per cent. Export orders and deliveries were also better, though mainly only in the high technology areas where price is a less important factor.

More companies are working at 80 per cent. of capacity or better, but the one in four working fully remains a virtually stagnant ratio. Cash flow and plant investment are showing an encouraging upward trend, with more companies confident of improving profitability.

But the chambers of commerce and the CBI in similar surveys agree that there will be relatively few extra jobs — 12 per cent. said their workforces would contract, compared with 8 per cent. in a similar CBI survey.

The problem of creating more jobs by encouraging small companies back into city inner areas will be tackled in Birmingham to-morrow. Mr. Harold Lever Chancellor of the Duchy of Lancaster, will open a joint Government-local authority conference to launch the Government's initiative in the Midlands.

Post Office considering refunds on slow mail

BY JOHN LLOYD

POST OFFICE executives are considering the introduction of a scheme under which customers could claim a refund if they offered reasonable proof that their letters or parcels had been inadequately handled. This would include a refund on a first class letter which took several days to deliver.

It is also thought likely that a facility will be offered to customers whereby they can pay a few pence to insure a parcel for up to £5.

These two proposals will form the most substantial part of a package which will ultimately become a code of practice.

The Post Office has agreed in principle with the Post Office Users' National Council to draw up such a code, and to issue a guide to customers giving information on its services.

Discussions between the council and the corporation, which have lasted about eight months, are expected to continue for several months more.

Both sides are broadly agreed on proposals on the telecommunications side. It is planned to offer refunds for faulty equipment, and for incorrect entries in the telephone directories. But difficulties of establishing blame for loss or damage have meant that there has not been the same measure of accord in the postal sector.

Legal problems of establishing responsibility remain, and it is not certain whether the council will accept the Post Office proposals as being sufficiently radical. But the move by the Post Office towards accepting that it should offer amends for poor service is a significant departure from present practice

Executives do not expect that there will be large numbers of customers who will wish to write a letter or make a phone call—involving both time and expense—to recoup the 9p cost of a first-class stamp.

They see it as both a useful safety valve for the persistent complainer, and as a relatively inexpensive piece of public relations.

Promising oil finds indicated by tests

By Ray Dafter,
Energy Correspondent

PROMISING oil finds are indicated by initial results of several new North Sea oil wells.

Much of the offshore industry's interest is now centred on quadrant 16, north-east of Aberdeen, where reserves in two separate fields seem to have been confirmed.

Phillips Petroleum is testing a structure in its Thelma Field with the Western Pacesetter exploration rig. This is the fifth well to be drilled on block 16/17 and it is quite likely that a further hole will be sunk.

Industry reports last year suggested that recoverable reserves in Thelma could be in the 500m to 600m. barrels range. This latest well, started in mid October, has been drilled to obtain a more positive picture of the geological structure.

Phillips' decision to carry out a testing programme is encouraging; at the very least, it shows hydrocarbons have been found. But it could be some weeks before the test's results are known.

Waiting

The same may be said of Pan Ocean's drilling programme on the Brae Field, north of Thelma. It is understood that the group, now led by Marathon, is waiting for an improvement in weather to begin testing operations in two wells sunk on block 16/7.

Both the 10 and 11th wells sunk on the South Brae structure have encountered oil-bearing rock, although it could be a month before their commercial potential is known.

Disagreement continues within the industry as a whole—and the Brae partnership, in particular—about the size of potential reserves in the structure.

Marathon has indicated that recoverable reserves of Brae will be at least 500m. barrels, although it is known that estimates within the British National Oil Corporation—an equity partner in the prospect—are very much lower.

Further appraisal drilling is expected to be sanctioned within the next month or two.

Reports

Interest in the West Shetland area is being kept alive by unofficial reports that Elf has encountered hydrocarbons in block 206/7. Stockbrokers Wood Mackenzie report that Elf has found oil or gas with its first well in the block, although details are not known.

Elf would make no comment yesterday.

The well is being drilled by the rig Pentagone 82 in a block adjacent to British Petroleum's 206/8 concession, where oil was discovered last year. It was this discovery which encouraged other operators to look more closely at that offshore area which had previously given little cause for optimism.

Television consumer shows rebuked

By Christopher Dunn

THE BBC has been rebuked for not giving enough advance warning of criticisms in some of its consumer-oriented broadcasts.

In four instances last year companies complained that they were not given enough advance notice or criticisms about themselves or the sector, Sir Edmund Compton, chairman of the BBC Programmes Complaints Commission said in its report for the year ending March 31, last year.

Investigations by the commission led to complaints being upheld in three cases, involving washing machine guarantees offered by Kristian Kirk Electric of Gloucestershire; the cosmetics industry; and GEC.

Sir Edmund said that there had been other complaints in the past about the BBC's "consumer broadcasts" — a fairly recent inovation by the corporation—in which shoppers complained about specific goods and services.

Last year, the commission looked into seven programme complaints. The commission also said that it would like to deal with complaints to any new broadcasting authorities which might be set up after the Annan report on broadcasting. It would link with the Independent Broadcasting Authority complaints body to form a joint operation.

Economist backs big tax cuts

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

FURTHER SUPPORT from a leading economist for large tax cuts in the budget comes to-day from Mr. Michael Posner of Cambridge University.

Writing in the latest quarterly economic review of stockbrokers . and A. Scrimgeour, Mr. Posner argues that a fiscal stimulus of about £2½bn. should be both possible and consistent with the borrowing requirement ceiling.

He suggests that the target for the growth of sterling M3, the broadly defined money supply, may be somewhat revamped, with perhaps a statement that it could be revised upwards later in the financial year if wages continued along their moderate path.

"This is still a large, and worryingly large figure: and I can contemplate it seriously only because I believe the Government will continue to hold firm on wages. If they will not, or cannot, then the budget must be more cautious, and output and employment must suffer."

Mr. Posner. who is a former deputy chief economic advisor to the Treasury, expresses concern about the impact of the recent rise of sterling on export trade.

He outlines a number of illustrative projections for the U.K. economy on the assumption of his suggested budget measures, principally income tax cuts, and an unchanged exchange rate

On this basis, the economy should grow by around three per cent. a year until the middle of next year though the current account surplus will have disappeared within 18 months as higher consumption sucks in more imports.

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PARLIAMENT and POLITICS

Steel losses of £520m. expected

Varley denies failure to put vital facts before MPs

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A BRISK counter-attack was mounted by Mr. Eric Varley, Industry Secretary, when the bitter controversy over the British Steel Corporation's financial losses boiled over in the Commons yesterday.

Mr. Varley announced that losses of about £520m. are now expected to be made by BSC during the current financial year. But he fiercely denied charges that he or Sir Charles Villiers, chairman of British Steel, had withheld vital information from the Commons Select Committee on Nationalised Industries.

In fact, he maintained, the committee had never asked for specific financial forecasts for the Corporation.

Mr. Varley took some sting out of the attack by saying that he was quite willing to go back to the committee to give further evidence. However, he carefully avoided any undertaking that he would meet the committee's main demand for disclosure of all correspondence between himself and BSC during the crisis months of last year.

The Industry Secretary repeated that the Government would give a formal reply to the committee's criticism in the normal way after it had fully considered the matter. The question of a full debate in the Commons was a matter for the Leader of the House to decide, he said.

Mr. Varley conceded that his Department had been told in August last year that BSC was then forecasting a loss of £460m. for the financial year. This is a particularly sore point with committee members as a loss of £460m. was reported confidentially to the BSC Board on July 28, yet Sir Charles Villiers said in a statement on July 19 that he foresaw 1977-78 losses amounting to between £150m.-£250m.

At the end of the exchanges yesterday, the feeling in the House was that Mr. Varley had won on points. Although he came under attack from some Labour backbenchers, several of them rallied to his support and argued that the main priority now was to get on with the business of restructuring BSC and *saving as many* jobs as possible.

The Tories, although critical of Mr. Varley, were fairly cautious in their tactics. They were intent on keeping the attack on a non-party basis, and did not want to alienate Labour backbenchers.

A decision by the Speaker, Mr. George Thomas, also brought comfort to the embattled Minister. Mr. Thomas said that it was not for him to rule whether a contempt of the House had been committed by a failure to produce correspondence to a Select Committee. It was, he said, a matter for the whole House to decide.

At the same time, the Speaker added, the Select Committee on Procedure would be looking into the question of a committee's powers to demand the production of confidential documents.

Answering a private notice question from Mr. Russell Kerr (Lab., Feltham), chairman of the Nationalised Industries Committee, Mr. Varley said that the *estimated* BSC loss of £520m. included a contingency provision of £50m.

He emphasised that the estimate was subject to considerable uncertainties, particularly in regard to sales, prices and industrial relations.

Confidence

"I have full confidence in Sir Charles Villiers in the way he has reported to the Department and given information to the Department," he added.

"A great deal of damage is being done by some members of the House getting hysterical about the behaviour of British Steel Corporation.

"There is no doubt that BSC is facing the most devastating market conditions. However, steel companies throughout the world are facing these conditions.

"What we are looking at now, in consultation with the British Steel Corporation and the trade unions, is how we can put it right. But we are not going to be panicked. We are not going to take arbitrary action."

A statement would be made when the meetings were finished. These talks would be going on for several weeks, so the report to Parliament would not be made for some time.

In later exchanges, there was a hint from Mr. Varley that Sir Charles Villiers would also be prepared to go before the committee again. When this suggestion was put by Mr. John Ellis (Lab., Brigg and Scunthorpe), the Secretary of State said he was willing to go to the committee with anyone and talk about the problems of the industry.

Mr. Kerr told Mr. Varley that in view of the disclosures in the Press, it was more than ever important for the committee to have access to all the information necessary for the proper *fulfilment of its functions.*

Mr. Varley replied that the BSC and the Government had fully observed the normal procedures in giving information to the committee and had not been discourteous to it.

With some asperity, he recalled that he had gone to a hearing of the committee in April and, after being kept waiting for 25 minutes, had been told that it could not form a quorum. Later, he had submitted answers to written questions from the committee.

"None of these questions referred to the financial position of BSC," he insisted.

He also stressed that at the last general election, the Labour Party had been committed to the report of Lord Beswick which called for a freezing of jobs in the Corporation until final decisions were made about future plans.

He maintained that had he come to the Commons only 3½ months after the start of the financial year and made recommendations similar to those of the committee, he would have been severely criticised by Labour MPs.

Sir Keith Joseph, shadow Industry Secretary, wanted to know if Mr. Varley would conform to the committee's request and let it have the papers it had asked for. There were Tory cheers when he said that the House could rely on the discretion of the committee in the light of possible confidentiality.

Maintain

The Minister retorted that when he had appeared before the committee on December 1, he had not been asked for the financial forecast of the Corporation nor had he been asked to deliver papers.

"I am perfectly willing to go back to the Select Committee if it requires further evidence," he added.

Mr. Tim Renton (C., Mid-Sussex), a member of the Select Committee, said that within four weeks of the forecast of a £50m. loss for BSC, the Government had known the Corporation was operating at an expected deficit of £350m.

Mr. Varley, he said, had a duty to make these figures known, even if the committee had not asked the specific question.

Support for Mr. Varley came from Mr. John Mendelson (Lab., Penistone) who encouraged him to maintain his steady nerve and not to give way to the "panic-mongering" that was now going on against the industry.

Callaghan sees big chance for trade

By Ivor Owen, Parliamentary Staff

WHILE POLITICAL and diplomatic issues dominated the Prime Minister's tour of southern Asia, important trade developments, mainly with India, could also flow from it, MPs learned yesterday.

Mr. Callaghan was in buoyant mood when he reported on his 16,000-mile journey, and he received congratulations from both sides of the House on his success.

The Prime Minister again laid heavy emphasis on the fact that India is now the tenth largest industrial nation in the world and left no doubt that he is determined to pursue the trade possibilities.

Mr. Desai, the Indian Premier, had provided a list of specific items of capital equipment which India was interested in purchasing from Britain, and possible defence sales had also been discussed.

"Businessmen whom I met, especially in Bombay, were of the opinion that this political visit would undoubtedly have a notable impact on trade," he said.

Mr. Callaghan referred to tractors, fishery trawlers, specialised machine tools and off-shore drilling equipment as some of the items which India was anxious to buy, if the conditions were right.

In confirming that Mr. Desai had undertaken to consider the possibility of Concorde being given permission to overfly India on the route to Singapore, Mr. Callaghan told the House that the Government would stand behind British Airways if substantial damage arose through sonic booms.

Questioned about the situation in the Middle East and his meeting in Aswan with President Sadat, Mr. Callaghan strove to maintain an even balance in his comments.

The Prime Minister stated: "There are very hard decisions for Israel to take here. I believe Israel will have to take those decisions.

Cost of Assembly a bargain—SNP

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE COST of the proposed Scottish Assembly would be minimal compared to the re-organised system of local government in Scotland, the Scottish National Party said yesterday.

The party estimated the annual running cost of the assembly at £13m., or £2.60 per head of population. Mr. George Reid (SNP, Clackmannan) declared: "For that we get our own Parliament in Scotland for the first time in over 270 years. It's a bargain."

Mrs. Isobel Lindsay, the party's vice-chairman, said that the regional councils were costing £36m. a year to run. "They are bureaucratic, costly and totally inefficient."

The councils would be "the first piece of Westminster frippery" to be abolished by an SNP Government chosen through assembly elections, she added.

Five Labour MPs have joined an *organisation to campaign* against the Government's devolution proposals in the referendum to be held in the autumn. Mr. Robin Cook (Edinburgh Cent.) described the assembly as "an expensive albatross that is irrelevant to the real social and economic needs of the Scottish people."

The other MPs are Mr. Tam Dalyell (West Lothian), Mr. Dick Buchannan (Glasgow, Springburn), Mr. Peter Doig (Dundee West) and Mr. Robert Hughes (Aberdeen North).

A Conservative MP, Mr. Malcolm Rifkind (Edinburgh Pentlands) said last night that there was now general agreement among opponents of the Government's proposals that if Britain was to stop being a unitary state with a central Government, it should move towards a federal structure.

This would be far more sensible and workable than the *political and constitutional mess* that was proposed, he declared.

No controls on campaign cash

THERE WILL be no controls on spending by organisations during the devolution referendum campaigns, Mr. John Smith, Minister of State, Privy Council Office, said in the Commons yesterday.

He told Mr. Dafydd Wigley (Plaid Cymru, Caernarvon): "The Government has no proposals for controlling expenditure by campaigning organisations during the referendum campaigns." Broadcasting authorities would be responsible for maintaining balance and impartiality in their treatment of the subject.

Mr. Wigley said people in Wales were extremely worried that the result of the referendum would be bought by CBI money.

U.K. faces new demand for Ulster withdrawal

BY GILES MERRITT IN DUBLIN

BRITAIN WAS again urged yesterday to declare its intention of withdrawing from Northern Ireland at some future date.

The call by Dr. Tomas O. Fiaich, the new Roman Catholic Archbishop of Armagh and Primate of All Ireland, follows Irish Premier Mr. Jack Lynch's controversial statement last week that Britain should now declare an interest in encouraging Irish unity.

But the Primate also hinted that the Republic should drop the territorial claims of Ulster made in its constitution, and said he favoured talks with the IRA.

In an interview published yesterday in the Irish Press, the Primate said: "I think the British should withdraw from Ireland. I believe in a declaration of intent."

His comments triggered angry reaction from Ulster's Unionists. Mr. Harry West, leader of the official Unionist Party, said it was "appalling that the leader of such a very substantial religious group should enter into the political field to this extent."

The Primate's comments "would only aggravate the situation," he added.

A prominent Catholic MP at Westminster, Mr. Simon Mahon, said that the Archbishop's remarks "might be construed as giving comfort to people who are purveyors of murder on both sides of the argument in Northern Ireland."

Mr. Mahon, Labour MP for Bootle, added: "I am sure that there are thousands of people who love Ireland who have been dismayed by these statements both by Mr. Lynch and the Primate."

A spokesman for the Rev. Ian Paisley's Democratic Unionist Party claimed that the Archbishop's comments confirmed the view that "the aims of the Roman Catholic hierarchy and the Provisional IRA are one and the same."

In the interview, the Primate expressed his regret that a British declaration of intent to withdraw had not happened after the collapse of Stormont.

"There were Protestants looking around in frustration for a friendly hand to grasp, and a declaration, coupled with sincere gestures from the South, would have done good.

"I do not see any long-term solutions for the northern problem save in an all-Ireland context," he added.

The Archbishop's appointment to the Irish Primacy last August provoked a good deal of Unionist criticism. But, until this week, he had remained largely silent on the Northern Ireland question.

Appeal Court cancels Newham injunction

BY PHILIP RAWSTORNE

THE LEGAL battle over control of Newham North East Labour Party following the expulsion of Mr. Reg Prentice continued yesterday.

Lord Denning, in the Appeal Court, cancelled an injunction which a Labour "moderate" group claimed would have prevented them opposing moves to amend the local party's constitution.

Lord Denning said that the order, granted to the Labour Party national executive on Friday, appeared to interfere with the freedom of speech. "That is not a matter which we should support," he added.

Mr. Reg Underhill, Labour's national agent, said yesterday that the order had been sought because of threats to declare a local meeting, called by the NEC, null and void. The meeting would go ahead as planned, he said.

Dell welcomes Skytrain success

BY IVOR OWEN

BRITAIN'S AIRLINE operators will have to maintain maximum efficiency in the new era of lower air fares, Mr. Edmund Dell, Trade Secretary, emphasised in the Commons last night.

Moving the second reading of the Civil Aviation Bill, he provoked mocking laughter from the Tory benches when he underlined the significant part played by Mr. Freddie Laker's Skytrain in pioneering low-cost flights on the North Atlantic route.

Mr. Dell said he welcomed Mr. Laker's success and expressed gratitude for what "in the circumstances" had been his generous acknowledgement of the assistance given by the Department of Trade in establishing the service after the Court of Appeal judgment against the Department.

He forecast that airlines would face mounting demands from travellers for lower fares, but warned that cuts in prices would have to be consistent with safety and airline economics.

Mr. Dell also praised the initiative of British Airways in reducing freight charges to the U.S.

Mr. Dell *said that the Government* had taken the decision in 1976 that the burden of aviation security expenses would be transferred from the taxpayer to the industry.

He rejected the suggestion that this decision was in breach of international obligations. The cost of aviation security had risen from £5m. in 1972-73 to £15m. in 1977-78 and an estimated £19m. next year.

The current threat from terrorism was as high as it ever was. The fund would be financed by a levy on arriving passengers which the Government had already announced would be set at 80p for the year beginning next April 1.

Mr. Dell said that under the Bill the Government would be able to direct airports to levy "noise-related charges" on noisy aircraft. This would be an incentive to manufacturers to provide quieter planes, and for airlines to use them.

Mr. Cecil Parkinson, for the Opposition, said there were welcome signs of a stiffening international attitude towards hijackers.

But there was growing pressure for sanctions against countries who refused to ratify the relevant international conventions, and who harboured hijackers.

Mr. Parkinson criticised the way the levy was to be administered, *with 28 airports accounting* direct to central Government. This meant that an airline like British Airways would have to account separately to each of the 28 airports.

As there were 140 airlines, "one can just see the huge administrative burden being created."

He described as "the most optimistic statement in the Bill" its effects on manpower—estimated at two extra *staff*. "*Whoever* wrote that should write to Morecambe and Wise and offer to contribute to their next Christmas show," he declared.

Mr. Parkinson also criticised the way the funds were to be distributed. Why could not the Trade Department set standards of security, monitor them, and then allow the local authorities and airports to recover the costs from their own passengers?

He asked what prospects there were for revising internationally agreed airport charges so that these were chargeable at a rate which would give the Civil Aviation Authority a chance to break even financially.

The Tories did not intend to oppose the Bill but they did intend to give it a very good going-over in the committee stage, he added.

Mr. Ivor Clemitson (Lab. Luton E.) said he would not attack the Bill as a whole but would voice the serious concern of Luton Council about the implications for Luton Airport.

The Government had said the cost of security measures would be paid by the passengers but there was nothing in the Bill specifically to that effect.

It might be that airports controlled by the British Airports Authority would pass the costs on to the passengers. But, if they did not, where would this leave an airport like Luton?

He was *suspicious* that the charge imposed on passengers using Luton would mean their subsidising other airports, particularly Heathrow.

For the Liberals, Mr. John Pardoe claimed two successes for the Lib-Lab pact in what had been left out of the Bill.

His party had told the Government that proposals to prevent another airline "doing a Laker" and competing on particular routes were unacceptable and a restriction on competition. It had also objected to including a restriction on cheap ticket outlets, sometimes referred to as "bucket shops."

Mr. Pardoe declared: "I am in favour of bucket shops." They operated against the "monstrous international monopoly" the airlines had been able to establish.

Mr. Pardoe said that airline passengers, by choosing a form of transport which was particularly prone to terrorism, caused a cost to the rest of society.

Airline passengers were not among the poorest transport passengers in the country.

"It is extraordinary that poor people on supplementary benefit should be asked to subsidise my airline fare and my security," he added.

The airlines were also "subsidised" by residents who lived near airports and who paid the environmental cost.

Air levy plea rejected

BY LYNTON McLAIN, INDUSTRIAL STAFF

MR. EDMUND DELL, secretary for trade has rejected a request to withdraw the proposed security levy on airline passengers.

He told the Airline Users Committee, which requested a change to the Civil Aviation Bill, that it was Government policy that the aviation industry should bear the cost of aviation security.

The committee argued that "acts of violence, such as aircraft hi-jacking, are directed against governments,'" and that security arrangements should be their responsibility.

Airline passengers should not be singled out for financing State security "which, in other respects, is financed out of taxation," the committee added.

LABOUR NEWS

Yorkshire miners vote for area productivity plan

BY PAULINE CLARK, LABOUR STAFF

A convincing majority of Yorkshire miners has voted for an area productivity scheme, it was confirmed yesterday by Mr. Arthur Scargill. The Yorkshire union president was leader of a militant campaign against productivity schemes in the months before last week's pithead ballot.

The 63 per cent. Yorkshire majority in favour of acceptance of incentive bonuses compared with the 77 per cent. vote against in the national ballot is likely to influence South Wales miners' leaders, who are expected to make a final decision on the issue later this week.

It also should clinch the decision for miners in Scotland.

After last month's strike at the Solsgirth colliery by miners in revolt against a delegate conference vote against incentive schemes, Scottish union leaders held "exploratory" talks with the National Coal Board last week and are now expected shortly to reverse their previous decision at a further delegate conference.

The outcome of the Yorkshire vote is thought to have been much swayed by the wording on the ballot paper, which asked miners: "Do you wish to oppose an area incentive scheme and take industrial action, or accept an area incentive scheme?"

It would certainly have served as a reminder of the 1974 strike, *which led to the downfall of* the Heath Government, and posed the question of whether the miners would be prepared to do the same to the Labour Government.

Unlike the previous pit-head ballot, the papers were not accompanied by any recommendation from Mr. Scargill and his area executive to vote "no." However, in announcing the result, Mr. Scargill said that the decision would be implemented as soon as possible although he was still firmly against it.

He said: "I have said repeatedly that an incentive scheme will result in more deaths, serious accidents and industrial disease.

"It will result, I believe, in at least 30 pit closures over the next five years. It will mean an enormous increase in physical effort on the part of our members who receive bonus payment."

On his position as president of the Yorkshire area of the National Union of Mineworkers, Mr. Scargill said the democratic manner in which the decision had been reached confirmed his "integrity and credibility" as leader.

Yorkshire's acceptance of an area incentive scheme—in line with the policy of the mineworkers' national executive—comes only two weeks ahead of the first round of talks on pay between the union's leaders and the National Coal Board.

It is hoped that bonus schemes, which already have been widely accepted elsewhere in the mining industry, will defuse militancy in support of a £135-a-week claim.

The union conference decision was to "seek to achieve" this almost doubled increase on the present top basic rate of £71.30 a week. Some miners now on bonus schemes are said by the coal board already to be receiving about £135 with overtime pay as well.

Fire Officer Paul King checks equipment at London's Fire Brigade headquarters

Firemen return smoothly

By Our Labour Editor

THE FIREMEN'S return to work yesterday went smoothly in most parts of the country, according to chief fire officers—in spite of an atmosphere of recrimination.

In Derbyshire, 380 firemen received cheques for £100 pay advances, but the money must be repaid within four months. A similar offer has been made to Greater Manchester firemen.

Most brigades spent the day checking equipment. Some were back in action, relieving the troops, by the evening.

There were no reports of refusal to work with strike-breakers, but some firemen have been "sent to Coventry." In Hertfordshire, there was a call for disciplinary action by the Fire Brigades' Union against strike-breakers.

Mr. Dudley Bagge, local secretary of the union, said that the men could be fined half the wages they earned during the strike, or they might even be expelled from the union.

In many areas local authorities are seeking recruits to replace men who resigned during the nine-week strike over pay.

Chrysler U.K. offers incentive scheme

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

CHRYSLER U.K. has put forward a self-financing incentive scheme which could add more than 10 per cent. to the pay of its 20,000 workers.

The company has offered the prospect of a bonus scheme but stresses that payments are dependent on how quickly performance can be improved.

In spite of militant moves from some plants, Chrysler employees settled within the limits of the Government's Phase 2 pay policy from July 1 last year.

Chrysler lost more than £20m. last year, in spite of a forecast in the planning agreement with the Government of a £300,000 profit.

Mr. Peter Griffiths, deputy managing director, says in a message to shop stewards that the management is proposing an incentive plan "which will reward every single employee for involving himself more deeply in the task of nursing the company back to good health, and then making it prosper — for the future of us all."

Car strikers at Halewood to discuss joint talks

BY PHILIP BASSETT, LABOUR STAFF

STRIKING BODY plant press shop workers at Ford's Halewood car factory will hold a mass meeting in Liverpool today to hear the result of joint talks yesterday between union officials, management and shop stewards.

The strike by 1,000 workers over work schedules and practices at the £110m. plant has stopped production of Ford Escorts an deaused 8,000 men to be laid off since it began last Tuesday.

Ford said yesterday that 3,800 Escorts with a showroom value of £9.5m. had been lost since the strike began, and that lost wages totalled £480,000.

Officials of the Transport and General Workers' Union and the Amalgamated Union of Engineering Workers and British Leyland management met officials from the Advisory, Conciliation and Arbitration Service for a third round of talks to try to settle the three-month old unofficial strike at Leyland's car plant at Speke.

Two thousand men are on strike over new work practices and 3,500 have been laid off.

● The Rolls-Royce management in Coventry warned shop floor workers that they could be suspended on Thursday unless they stopped various sanctions.

The dispute is over pay demands and claims for fringe benefits which the company has said it could never approve.

Talks begin to resolve BBC row

By Our Labour Staff

TALKS BEGAN yesterday between local branches of the Association of Broadcasting Staff and the BBC to try to reach a settlement on the engineers' overtime dispute which disrupted BBC television programmes last week.

No solution was reached after a day's negotiations, but the BBC and the Association agreed to hold five days of talks if necessary and reach a decision by Friday lunchtime.

An all-out strike was called for at a mass meeting of Association employees of the BBC after more than 500 engineers were suspended in a dispute over overtime working.

The BBC agreed on Friday that they should be reinstated so that talks could begin.

Communists confirm choice of Costello

BY OUR LABOUR EDITOR

THE COMMUNIST Party of Great Britain has confirmed the appointment of Mr. Mick Costello succession to Mr. Bert Ramelson. succession to Mr. Bert Mamelson.

The post is one of the most important in the party. Communist influence in the trade union movement remains relatively strong while its political *impact and total* membership continue to decline.

Mr. Costello, who is 41, spent some time in Moscow as a child while his father was there as a New Zealand diplomat.

Mr. Ramelson, industrial organiser for well over 10 years, has reached retiring age.

Mr. Mick McGahey, vice-president of the National Union of Mineworkers, has been re-elected chairman of the party.

Dockers reject 10% pay offer

By Our Labour Staff

THE 1,500 members of the National Amalgamated Stevedores and Dockers Union in London's enclosed docks appear to have rejected a pay offer of 10 per cent. on basic rates, with improvements in the existing "agreed tonnage" bonus scheme, although there was *no formal* vote at their mass meeting yesterday.

More Swan Hunter pay talks

BY NICK GARNETT, LABOUR STAFF

MR. JOHN CHALMERS, general secretary of the Boilermakers' Amalgamation, is due to meet senior officials of British Shipbuilders on Friday for further talks aimed at sorting out the chronic pay problems affecting Swan Hunter.

The talks were announced yesterday as a mass meeting of the Tyne company's 3,500 boilermakers endorsed a shop stewards' decision to scrap their job flexibility arrangements on Thursday in protest at the erosion of pay differentials over the outfitting trades.

The decision to end job changeability agreements — whereby individual boilermakers carry out a number of different trades—will increase the company's operating costs and reduce productivity.

It is unlikely to affect the company's ability to meet the deadlines set for the four ships in the Polish order, however. These were saved for Swan Hunter after the outfitting trades dropped their five-month overtime ban.

The boilermakers' decision was made yesterday in spite of an appeal from Mr. Chalmers that the flexibility arrangements should be allowed to continue while talks take place on the company's pay problems.

"The continuing turbulent situation at the shipyard means we are not geeting a fifth of the orders we would like to," Mr. Chalmers said.

The decision will cost the boilermakers about £4 *a week in* flexibility payments. Ironically, it will push their wages below those of the outfitters, who received a £5.40 "fair wages" award just before Christmas.

The discrepancy will widen as the outfitters are due this month for their annual pay settlement, which is still to be negotiated.

The enabling Bill for a redundancy scheme in the shipbuilding industry had its second reading in the Commons yesterday. The scheme is expected to provide maximum redundancy payments of £3,500-£4,000.

● TASS, the white collar section of the Amalgamated Union of Engineering Workers, said yesterday the overtime ban threatened at the week-end by the Shipbuilding and Allied Industries Management Association if it is not recognised by British Shipbuilders by next month was an attempt to force recognition for an association "that has no history and no agreement in shipbuilding."

TASS instructed its members to co-operate with employers against SAIMA and to work normally during any overtime ban.

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT, 1948
and
IN THE MATTER OF
J. WYATT (SENIOR (HAULAGE) LIMITED
(In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act, 1948, that a GENERAL MEETING of the MEMBERS of the above-named Company will be held at the Offices of FLOYD NASH & CO., Chartered Accountants, of 33 Clifford's Inn, Fetter Lane, E.C.4 in the City of London on Wednesday the 8th day of February, 1978, at 11 a.m. to be followed at 11.15 a.m. by a GENERAL MEETING of the CREDITORS for the purpose of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.

R. E. FLOYD, Liquidator.

DATED this 10th day of January, 1978.

No. [illegible] of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of BERLEMONT & TURNER LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above named Company by the High Court of Justice was on the 4th day of January 1978, presented to the said Court by SANDELL PERKINS LIMITED whose Registered Office is situate at Cobtree Wharf, Forstal Road, Aylesford, Maidstone, Kent, Timber Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 6th day of February 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3, Hind Court,
Fleet Street, London, E.C.4.
Ref: F/TTH. Tel: 01-353 8011.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 3rd day of February 1978.

No. 0029 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of CALEDONIAN (TIMBER RESTORATIONS) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above named Company by the High Court of Justice was on the 4th day of January 1978, presented to the said Court by SANDELL PERKINS LIMITED whose Registered Office is situate at Cobtree Wharf, Forstal Road, Aylesford, Maidstone, Kent, Timber Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 6th day of February 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3, Hind Court,
Fleet Street, London, E.C.4.
Ref: F/TTH. Tel: 01-353 8011.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 3rd day of February 1978.

No. 0042 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of BESTYLE MODELS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above named Company by the High Court of Justice was on the 5th day of January 1978, presented to the said Court by S. KERSEN LIMITED whose registered office is situate at 95 Wigmore Street, London W1A 2AA, a Creditor of the above-named Company, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 6th day of February 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ASHLEY KALMS,
TRAVELL & CO.,
86 London Road,
Southend-on-Sea,
Essex, SS1 1QQ.
Ref: DW/DB/17912.
Tel: (0702) 354455.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 3rd day of February 1978.

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sont appelées au remboursement au titre de l'amortissement de la tranche de UEA 1.000.000—remboursable le 6 février 1978.

Ces obligations sont remboursables au pair, coupons au 6 février 1979 et suivants attachés, à partir du 6 février 1978, date à laquelle elles cesseront de porter intérêts.

Les banques suivantes assureront le remboursement des dites obligations et le paiement des intérêts échéant à la date du 6 février 1978:

CREDIT—Luxembourg
CREDIT LYONNAIS—Paris
KREDIETBANK S.A. Luxembourgeoise —Luxembourg
COMMERZBANK A.G.—Francfort
BANQUE BRUXELLES-LAMBERT S.A. —Bruxelles
AMSTERDAM-ROTTERDAM BANK N.V.—Amsterdam

Montant restant en circulation après le 6 février 1978:
EUA 13.000,000

Luxembourg le 12 janvier 1978
l'Agent Financier
CREDIT LYONNAIS—LUXEMBOURG

J. LYONS & CO. LTD.
(CDRs)

The undersigned announces that as from January 16th, 1978 at Kas-Associatie N.V., Spuistraat 172, Amsterdam Div. Cp. No. 19 of the CDRs J. Lyons & Company Limited 7% CONV. RED. CUM. PREF. SHS each repr. 50 shs and 500 shs will be payable with DFLS.5,39 resp. DFLS.53,90

(re. period 7.15.77—1.14.78, being 2.45p per share). Tax credit £—.631 = Dfls.2.77 per CDR à 50 shs. Tax credit £6.31 = Dfls.27,70 per CDR à 500 shs. Non-British CDR-holders will not be entitled to receive the benefit of this imputed tax credit as long as the tax convention between their country and the U.K. has not been brought into accordance with the Finance Act 1972 of the United Kingdom.
Amsterdam,
11th January, 1978.

AMSTERDAM DEPOSITARY COMPANY N.V.

THE WELLCOME FOUNDATION LIMITED
U.S. $20,000,000 8¼% BONDS 1987

The annual report and accounts of The Wellcome Foundation Limited for the financial year ended 27th August 1977 will be available for inspection at the offices of Messrs. Slaughter and May, 35 Basinghall Street, London, EC2V 5DB during the usual business hours on any weekday (Saturday excepted) until February 17th, 1978.

GOURMET

BORDEAUX DIRECT's Free Catalogue "Outstanding and Generous." (Guardian). 32 pages maps and vineyard illustrations. Write Tony Laithwaite, Bordeaux Direct, Aquitaine House, Farnburn Avenue, Slough, mentioning Financial Times.

PUBLIC NOTICES

COUNTY OF SOUTH GLAMORGAN

£2m. bills issued 17.1.78 at 5 51/64% to mature 18.4.78. Total applications 19m. Total outstanding 2m.

BOND DRAWING

CITY OF OSLO
5¾% Bonds of 1964

S. G. WARBURG & CO. LTD., announce that the redemption instalment of U.S.$1,350,000 due 15th February, 1978 has been met by purchases in the market to the nominal value of U.S.$296,000 and by a drawing of Bonds to the nominal value of U.S.$1,054,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public are as follows:—

1	2	7	15	20	28		29	35 to	38
42 to	44	46 to	50	52	59	61 to	66	68 to	72
74 to	76	12210	12211		12221	12244 to	12251	12254	12255
12260 to	12269		12297	12329 to	12331	12362 to	12366	12378 to	12380
12391 to	12400	12406 to	12410	12431	12441	12445	12446	12450	12453
12472 to	12496	12502 to	12522	12524 to	12527	12540 to	12543	12558 to	12559
12564	12565	12582 to	12585	12587 to	12592	12594 to	12608	12609	12611
	12612	12618 to	12632	12634 to	12636	12641 to	12665	12678 to	12682
12707 to	12725		12759	12770 to	12772	12801 to	12814	12816 to	12823
12838	12842	12844 to	12850	12863 to	12867	12876 to	12880	12886 to	12900
12906 to	12910	12920 to	12922	12955 to	12957	12959 to	12961	12971 to	12973
12979 to	12981		12983	13008 to	13017	13021	13022		13025
13071 to	13080	13101	13104	13110 to	13115		13127	13156 to	13159
	13163	13165 to	13172		13177	13181 to	13192	13198 to	13201
13207	13208	13231 to	13235	13251 to	13253	13280 to	13282	13285 to	13303
	13314	13323 to	13327	13350	13351	13375	13376	13422 to	13428
13466	13467		13474	13478 to	13481	13492 to	13496	13512 to	13515
	13517	13520 to	13542	13546 to	13550	13555	13561		13564
13573 to	13589	13592	13595	13601 to	13620		13630	13651 to	13653
13661 to	13669	13687 to	13689	13717 to	13719		13740	13743 to	13749
	13751	13754 to	13763	13765 to	13767	13769	13771		13776
13790 to	13792	13805 to	13810		13815	13826 to	13838	13844 to	13872
13887	13904	13906	13908		13909	13919 to	13942		13971
13978 to	13988	13995	14024	14044	14045	14047 to	14064	14073	14077
14080	14081	14104 to	14107	14116 to	14132	14134 to	14142	14153 to	14157
14185	14186	14213 to	14215	14218 to	14227	14231 to	14240	14249 to	14255
14258 to	14264	14270 to	14285	14287	14288	14301 to	14304		14332
14340 to	14344	14346 to	14352		14356	14363 to	14368	14373 to	14381
14387 to	14393	14396 to	14404	14430 to	14436		14439	14453 to	14457
14482	14483	14493 to	14495	14497 to	14499	14501 to	14504		14511
14513 to	14524	14530	14531	14535 to	14540	14563	14564	14582 to	14588
14593 to	14612	14620 to	14630	14645 to	14649	14655 to	14659	14665 to	14667
14683 to	14695	14699	14700	14705 to	14709	14738 to	14740	14743 to	14764
14793 to	14809	14811	14812	14815 to	14817	14863 to	14864		14916
14919 to	14925		14933	14943 to	14950	14962 to	14968	14971 to	14977
14979	14980	14997 to	15000						

On 15th February, 1978, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 15th February, 1978 and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$1,500,000 nominal amount of Bonds remain outstanding after 15th February, 1978.

The following Bonds drawn for redemption on the dates below have not as yet been presented for payment:—

15th February, 1975

1283 to 1285 1324 1457 1488 to 1497 1546 1547 1568 1569
1747 1873 1890 to 1892 2056 to 2065 2708

15th February, 1976

8520 8522 8636 to 8637 8949 8650 9500 9765 10131 to 10136
10155 10646 to 10649 10861 10662

15th February, 1977

7238 to 7240 7242 to 7244 7283 7284 7307 to 7310 7324 7444
7469 7470 7480 7503 7504 7517 to 7519 7593
7683 to 7685 7737 7884 7936 to 7939 8239 10876 10877
11643 11679 11685 11688 11694 11723 11990

30, Gresham Street, London, EC2P 2EB. 17th January, 1978

CLUBS

EVE, 189, Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London, W1
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Show at midnight also at 1 a.m.
Mon.-Fri. Closed Saturdays. 01-437 6455

INVESTMENT ANALYST
£6,085 to £7,835

The Electricity Council is the central co-ordinating body for the electricity supply industry in England and Wales.

The Investment Branch has responsibility for the investment of funds of the industry's superannuation schemes totalling over £500 million.

Investment Analysts are responsible for keeping under constant review a sector of a substantial portfolio of equities, assessing company reports, incoming economic reports and studies in depth of industries and companies. The man or woman we are looking for will make recommendations for appropriate action, assist in the day to day administration of the total portfolio of investments, and prepare reports on a wide range of ancillary investment matters.

A sound knowledge of economics and investment principles is essential.

Please write in confidence giving details of career to date and salary quoting FT/4 by 27th January to:

Duncan Ross,
Recruitment and Development Officer,
The Electricity Council,
30 Millbank, London SW1P 4RD

ELECTRICITY COUNCIL

Cash Management
Holland

A leading international organisation with headquarters in Amsterdam wishes to appoint a Cash Management Executive. Reporting to the Treasurer, the person appointed will be responsible for all cash management activities.

This is a progressive position, offering immediate scope for development to a candidate, probably aged 25-35, with an educational background in economics, who is working in the Treasury Department of a multi-national corporation or with a bank. Applicants must be familiar with exposure management and collection procedures; accountancy knowledge would be helpful. Willingness to relocate in Amsterdam is essential. A competitive salary will be offered and will be negotiable depending on the personal qualifications and experience of the successful candidate.

The identity of candidates will not be revealed to our client without prior permission. Applications, quoting Ref. AB852/FT, should include details of age, experience and salary and be sent to:

PA Management Consultants BV
184 Keizersgracht, Amsterdam—C, Holland. Tel: Amsterdam 23 66 82

PA

A member of PA International

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TV AND RADIO

High fidelity sound on home TV sets

AMERICAN Telephone & Telegraph has a new transmission process that may bring high-fidelity sound to home TV sets equipped to receive it.

It will make possible emission of sounds up 15,000 herz compared with the current 5,000, so that people with TV sets will have far higher quality music and speech reproduction.

The new process will also bring "very substantial savings" to AT & T. Previously, it relayed the video from TV networks to local stations over a system of microwave towers. The sound moved separately over AT & T wires. Under the *new method, both the video and* sound will travel via microwave-towers. This releases the wires for long-distance telephone and other communication services.

TV networks, by law, already have had the capability of beaming out 15,000 herz, but have not done so because something would be lost in transmission and *reception.*

Only a nominal number of TV sets, of the highest price and quality, have speakers that can handle hi-fi sound. But people with separate hi-fi systems could, with a relatively inexpensive attachment, connect them with their TV sets and tie in with the newly available sound.

AT & T also eventually plans to have two TV sound channels in its microwave-tower relay system. This would make it possible—if television makers provided the required hi-fi speakers—to have stereophonic sound.

Intelligent receivers

INCORPORATING microprocessor control into HF radio receivers has enabled Philips not only to simplify control, but also to provide such facilities as tuning-in to any frequency merely by pushbutton control; up/down sweeping; auto search; instantaneous selection of pre-programmed frequencies, and simple remote control over two-wire telephone lines.

Tuning, down to an accuracy of 1 Hz, is by means of a keypad, a tuning knob and "up" and "down" buttons. Up to 10 frequencies can be tuned in and stored in a non-volatile memory (RAM) for instant channel changes later; a pre-programmed channel change takes no more than a few milliseconds. The processor intelligence is concentrated in a factory programmed read-only memory. The interface between the processor, the keypad and the frequency synthesizer presents simple, addressable buffer inputs and latched outputs. The remotely controlled version incorporates additional input and output ports to convey RF/AF meter readings and to cope with all the functions of the front-panel switches for IF filters, mode selection, etc.

Philips Telecommunicatie Industrie, POB 32, Hilversum, 1301, Holland.

● HANDLING

Sorting the parcels at Woolworth

FOUR NEW regional transhipment centres being constructed for F. W. Woolworth and Co. at Bristol; Radlett, Herts; Warrington, Lancashire; and Cumbernauld in Scotland are each to have Honeywell Series 60 Level 6 minicomputer systems to assist the distribution of goods to local stores.

Shipments under the £275,000 *order will start this month and* all four systems are expected to be fully operational by the middle of the year.

Each will be responsible for controlling parcel-sort conveyors and associated processing functions to enable incoming goods, received as consignments from suppliers or other transhipment centres, to be reconciled against goods despatched, or sorted for local distribution. Software for this activity will be written by Woolworth's in Cobol (running under Honeywell's GCOS 6), and will support visual display units in transaction processing applications. Transhipment notes will be produced on floppy discs which will contain records of goods loaded on vehicles for other transhipment centres. Despatch notes for local stores will be printed as a separate batch operation.

Two sorts will be carried out, the first separating those parcels destined for other transhipment centres, and the second sorting (by order of route) parcels destined for regional stores. Once fully operational, some 12,000 parcels will be routed daily through each transhipment centre.

The Honeywell system at each centre will include a Model 6/36 computer, cartridge disk storage, line printer, diskette and visual display terminals.

Further details from HIS at Honeywell House, Great West Road, Brentford, Middlesex. 01-568 9191.

● COMPUTING

Data on materials

MORE THAN ever before, the production and use of materials, be they chemicals, metals, minerals, glasses or ceramics, need reliable criteria to judge stability, performance and energy balances. Such criteria can confidently be defined by application of chemical thermodynamics.

Until recently this was made more difficult, not only by the nature of the subject, but also by lack of readily available data in convenient form. Now, the National Physical Laboratory (NPL), has computer based data banks that greatly facilitate the *availability of this information.*

The amount of stored information is relatively small—it is the facility for further calculation that enables the data to be supplied in a form that can readily be applied to practical problems.

Examples of problems that have been tackled are corrosion in reactors, minimising energy input for minerals extraction, the performance of lamps, control of oxygen in copper and silver for electrical purposes, extraction of metals from saline water, contamination of alloys by their attack on refractories, and the use of refining agents in glass melting.

There are three data banks at NPL. Two of these, MTDATA and ALLOYDATA, dealing with inorganic and metallic substances and alloys, are fully operational. The third, now under develop*ment, is concerned with vapour*-liquid equilibria for mixtures containing organic compounds.

The laboratory says that with very little training an operator using MTDATA can obtain information in numerical and diagrammatic forms that can readily be applied to practical problems. It is available to customers both by direct access from their own terminal, and by addressing problems through NPL staff. Guidance is given both on the use of the service and the interpretation of practical problems into chemical terms.

Details from Dr. T. I. Barry (division of chemical standards), NPL, Teddington, Middx., TW11 0LW (01-977 3222).

Plan for U.K. marketing

PACT describes a new mini-computer family by Elbit of Israel. It includes Pact itself, a general purpose minicomputer based system, with CRT terminals (running under a disc operating system); Keypact a data capture data entry pre-processor system; Datapact, a stand-alone, on-line multi terminal system for the small business user; and Interpact, a distributed *processing system based on one* host computer with terminals doing some local processing.

Unusually, Pact is appearing on the market almost without announcement, yet it is Elbit's first direct-to-market product for the commercial market, and much of Elbit's future hangs upon its success.

Initially, Elbit started as a mini manufacturer, but for some years past has been thought of primarily as the manufacturer of CDC's Cyber 17, a completely *Israeli designed system of which* probably twelve or thirteen hundred have so far been sold.

This year, Elbit will invest more than $2m. in market development in three countries: France, West Germany, and the U.K. The Pact family is initially being marketed to large commercial companies and systems houses, the last being essential if Elbit are to get the spread of applications software written that such a range of systems will require; the library must go beyond the standard packages as quickly as possible.

In the U.K., Elbit which is just opening an office in Maidenhead will not initially be pushing Pact, but IBM-compatible terminals. It has been quietly selling these in Europe for some time, there are about three or four hundred installed in Western Europe.

It offers two, the DS 1920, TTY compatible, and the DS 377 an IBM 3277 Model 2 compatible terminal. Though not normally thought of as a terminal supplier, Elbit have in fact so far built *over 6,000, most of which have* been sold by CDC, the majority to the U.S. Current production rates seem to be around 100 a week.

High performance machine

BURROUGHS Machines has a new model in the B 6800 series that offers multiprocessor efficiency to users at the entry level of large-scale data process*ing. The new B 6817 system pro*vides a 50 per cent. increase in throughput compared to Burroughs B 6811 system, and more than three times the performance of the entry level B 6800 systems.

The B 6817 is object code compatible with all other B 6000 and B 7000 class systems. With Burroughs system software and instantly transferable user application programs, users can move through Burroughs full range of large and very large systems *without reprogramming or re*-compiling. The recently announced Attached Fortran Processor, or AFP, may also be used with the B 6817.

The basic B 6817 has two central processors that operate at 6.67 MHz each, two input/output processors with 20 channels in each, 786,432 bytes of Global memory, two maintenance processors and displays, and two *operator consoles with dual dis*plays. It can be expanded to form a system with up to four central processors, four input/output processors, up to 15,728,640 bytes of directly addressable memory, and up to 16 data communications processors serving 4,096 separate lines.

Deliveries are for the second quarter of 1978.

An entry level B 6817 with 2.2m. bytes of memory has a purchase price of £550,000 or *£15,000 per month on a one-year* lease. Three and five-year leases are also available. Field engineering service availability for 24 hour/seven day coverage is included in the basic lease rates.

More on 01-759 6532.

● COMPONENTS

Transducer is safe

TEKFLO is launching a new TF11 differential pressure transducer at IEA Exhibition, March, 1978. The TF11 is BASEEFA certified intrinsically safe and is manufactured by Tekflo to meet the specific needs of the petrochemical industry, where standard 54-mm. pitched process connections are used and the pressure diaphragms are of all welded construction, suitable for dirty or viscous media. Full static overload protection is given.

The transducer is virtually immune to static pressure variation, vibrations, electrical noise and has long distance transmission capability before amplification. System accuracies to 0.2 per cent. *full scale* are available.

Complementing the TF11 will be the full range of Tekflo variable reluctance transducers for flow, pressure and level. This includes a new low cost Tekflo open channel flow system demonstration incorporating an all-welded construction transducer suitable for raw sewage, corrosive effluent, etc.

Tekflo, Albany Road, Granby Industrial Estate, Weymouth, Dorset, DT4 9TH. 63057 73256.

● COMMUNICATIONS

Checking the system

SIEMENS has designed a compact test controller based on microprocessor technology, thought to be the first compact unit dedicated to telecommunications applications. Existing commercially available compact controllers are variants of desk-top computers and are, Siemens says, of limited use for the control of test equipment.

Pegamat S2313 controller is in effect a self-contained control and evaluation system based on a freely programmable 16-bit microcomputer. Mass program storage is on a mini floppy disc with 50k-words of storage capacity. Programs and specific control instructions are entered on a standard alphanumeric keyboard. Program testing and program execution can be observed on a six-line (40 characters/line) 61 x 28 mm. *plasma display. This is a sig*nificant advantage over desk-top computers with single-line l.e.d. (light emitting diode) displays: the current instruction and five preceding instructions can be viewed concurrently in high ambient light conditions.

The display also incorporates program status flags to indicate if a given test is within limits. For hard copy records, a 40 character/line printer is built into the base of the unit.

To prevent inadvertent use or tampering during a test run, the controller's keyboard is lockable. For simplified operation a remote "pad" is available, comprising 24 keys which includes a number of dedicated control keys for test system and program control.

Siemens at Siemens House, Windmill Road, Sunbury-on-Thames, Middlesex TW16 7HS. Sunbury (09327) 85691.

● INSTRUMENTS

Ignores spurious signals

PRECISE frequency setting, stabilised output and over 100 dB attenuation are offered by the Philips PM 5326, a radio frequency signal generator from Pye Unicam.

The output frequency extends *from 100 kHz to 125 MHz* in nine push-button selected ranges amply covering the domestic AM/FM radio spectrum. A built-in five-digit display enables frequencies to be set quickly to one part in 10,000, essential for precise aligment procedures, selectivity and filter tests.

The output level is electronically stabilised for all ranges, eliminating resetting and the need for meter reading.

A particular aspect of the generator compared with others is the special attention given to spurious RF radiation. A "double-box" construction gives a high degree *of screening* keeping RF radiation very low and ensures that low level outputs in the region of 0.5 microvolts can be used with full confidence.

Made for telecommunication, radio and television development laboratories and those involved with receiver sensitivity and selectivity measurements, and generator also provides four wobbulator ranges for the alignment of intermediate frequency amplifiers in FM receivers and TV receivers.

PM 5326 gives a choice of AM/FM modulation by internal or external signals, fixed and variable markers and the use of the internal frequency counter to check other oscillators. The generator measures 230 mm wide by 310 mm deep by 140 mm high and weighs 6.5 kg.

Pye Unicam, York Street, Cambridge CB1 2PX. 0223 58866.

● PROCESSING

A cooler cleaner

ALTHOUGH MANY industrial spray washing machines for cleaning metal operate at 70 to 85 deg. C., and some close to boiling point, the latest alkaline cleaner from Pyrene Chemical Services is stated to operate efficiently at 25 to 35 deg. C., offering a saving in heating costs. It also needs lower pressure—17 psi instead of 30 psi.

Apart from providing an improved tarnish resistance, Pyroclean 99 will remove moderate deposits of grease, oil and dirt from metal surfaces. *Developed primarily for cleaning* steel, it is also suitable for aluminium and zinc.

More from the maker at Ridgeway, Iver, Bucks., SL0 9JJ (0753 651812), a Brant Chemicals International Group company.

● MATERIALS

Solves an adhesive problem

SHORT POT life often causes problems when two-part adhesives are used on assembly lines, or when large areas are to be bonded.

This problem has been solved by Degussa which has developed a low-viscosity quick-drying hardener for use with Agomet polymerising adhesives. This is a "no-mix" process in which the hardener is applied as a lacquer to the surfaces to be bonded, when a non-sticky film forms in a few seconds.

Parts prepared in this way do not have to be bonded immediately, but can be left for several hours without any decrease in the achievable strength. When the adhesive is applied, its monomers dissolve the lacquer film allowing the peroxide curing initiator, contained in solution under the film, to start the curing process. Degussa says this allows the adhesive to be used almost like a one-component type.

The lacquer is applied by brush, immersion or spray, can be used on porous materials, including wood and ceramics, and can cure joints up to 0.5mm thick.

This company has also introduced a polycarbonic acid that stabilises the carbonate and sul*phate components in* water hardness, and prevents precipitation of scaling substances. It remains effective at up to 200 deg.C.

Details from Degussa, Postfach 2644, D 6000 Frankfurt am Main 1, West Germany.

● MACHINE TOOLS

Punch for Poland

LATEST SHEET metal punching machine to be sold to Metal-export, Poland, by Pierce-All Manufacturing, is a computer numerically controlled unit with a punching capacity of 25 tons.

It is capable of punching or nibbling through metal plate up to 6 mm. thick, using a range of tools from an automatically indexing turret. Programming can be either directly on the machine controller (housed in one of the side tables to reduce the floor space required) or on a remote compiler called the Loader Editor.

Several programs, for example a day's production, can be loaded, and the operator has only to insert and remove sheet at the end of each cycle.

The maker is at Buckingham Avenue, Trading Estate, Slough, Berks., SL1 4NB (Slough 26561).

The Management Page

EDITED BY CHRISTOPHER LORENZ

Christine Moir explains why Waterford Glass is diversifying, and how it plans to avoid overstraining its managers' skills

Shattering conventional conglomerate wisdom

CONGLOMERATES are out of fashion to-day. The conventional wisdom in financial circles at the moment is that cobblers should stick to their lasts.

It is true that part of the criticism arises from the fact that investment analysts prefer to deal with unified companies, but there is a genuine fear that diversification outside a company's original area of expertise too often results in diluted earnings. Too frequently, also, management becomes remote from the different tentacles of the group and fails to spot problems in time.

Such fears seem to intensify the more successful the original operation has been. One case in point is Waterford Glass, the Irish group whose interests now span retailing, garage and car franchises, fine bone china and high quality printing, but whose core is the world-famous hand-made crystal. This has produced an uninterrupted profits growth over the last quarter century which has been nothing short of flamboyant.

The recent history of the crystal side amounts to the remaking of a myth. Waterford, an ancient city on the south coast of Ireland, had been a famous centre for handcut crystal since the early 1700s, but as a result of increasingly heavy export duties levied on lead glass, the industry dwindled and in 1851 production ceased at Waterford.

For a century no glass was made there; but with the impetus of independence a small pilot factory was opened. In 1951 it was incorporated in the Irish Glass Bottle Company, chaired by Joseph McGrath, father of Waterford's current chairman, Senator Paddy McGrath, whose family is still the major shareholder. Craftsmen were brought over from Europe and local apprentices taken on under the direction of Mr. Charles Bacik, himself a glassmaker from Czechoslovakia, who is still on the Board.

By the beginning of the 1960s the growth of the crystal operation was outstripping that of bottles. In 1966 Waterford Glass was floated off separately.

To-day, the company employs 2,500 highly skilled craftsmen on two modern sites and is by far the largest manufacturer of handcut lead crystal in the world. Nearly 90 per cent. of output is exported, mainly to the United States, where Waterford sells more than all the other European manufacturers combined.

Waterford's chairman, Paddy McGrath

Total output is pre-sold a year in advance and waiting lists for individual pieces are as long as two years. This level of market demand shows directly in an uninterrupted record of profit growth over the past 23 years. Between 1967 (the first year after flotation) and 1970 alone pre-tax profits rose from £444,000 to £1.3m., notwithstanding a major development programme which centred on a new factory on a 45-acre site just outside Waterford.

Since then profits have continued to grow at an average rate of 32 per cent. a year, with only one hiccup in 1973 when growth was a mere 7 per cent. In 1976 pre-tax profits were £6.75m. on a turnover of £80m. and prospects for this year suggest that turnover will hit £100m. and that profits will be around £9m.

This latter period coincided with a series of acquisitions, beginning in 1970 with the purchase of the Aynsley China group in England. In rapid succession Waterford then bought a 60 per cent. stake in the Switzer group, which owns a chain of department stores in Ireland (House of Fraser owns the other 40 per cent.) and a small quality printer, John Hinde.

Then in 1974, the group put the seal on its emergence as a true conglomerate by spending £4m. on the purchase of the Smith group, which has the Renault car franchise for the Republic; it also operates a chain of garages and a number of light engineering and motor vehicle assembly subsidiaries.

Glass making is still the core of the group, of course, but continuing organic growth of the new companies, and further acquisitions, will reduce its predominance. Waterford does not give a divisional breakdown of its figures, but it seems likely that the glass side at present produces about two-thirds of the profits on about a quarter of the group turnover. This means that last year, the other divisions together accounted for probably around £2.5m. pre-tax with Switzers and Smith producing perhaps £900,000 apiece, Aynsley contributing £50,000 or so and Hinde chipping in £200,000.

The company has always professed complete satisfaction with its acquisitions and claims that each of them is showing satisfactory growth. However, in 1974 borrowings soared, hitting 116 per cent. of shareholders' funds at a time when earnings, which had actually dropped the previous year from 2.03p per share to 1.98p, were only just up again at 2.25p.

All the fears about conglomerates immediately raised their heads. The focus of attention was the Smith Group. There had, after all, been plenty of justification for a crystal maker to expand into fine quality bone china, and the interest in a department store chain also seemed a reasonable extension of existing market skills.

But the Smith motor group was a different kettle of fish altogether. It was an importer and Waterford's skills were in export. It operated in a field which Waterford knew nothing about. It was a small conglomerate in its own right. What is more, Waterford was unable to rely on existing management at the top level since Smith had been bought following the sudden death of its owner and founder.

Tentacles

Nonetheless, Waterford was convinced that the next level of management was sound. Two Smith directors were co-opted onto the main Waterford Board and the next two years were spent in close investigation of all the tentacles of the Smith group. The results included withdrawal from some aspects of motor assembly, the completion of the garage chain and the development of hire purchase services to support the Renault distribution division.

By chance the timing of the purchase turned out to be right, from the point of view of Waterford's management resources. The glass side was in the process of recovering from the 1973 hiccup and Switzer's development was proceeding with the help of House of Fraser. The main Waterford Board could, therefore, concentrate almost exclusively on restructuring the Smith Group and getting the Waterford balance sheet back on the tracks.

It achieved this through a £5m. convertible preference rights issue and then by a one-for-three scrip issue. To-day borrowings are back to under 60 per cent. of shareholders' funds—not exactly low, but supportable. At the same time, the ratio of current assets to current liabilities, which had dropped to 1.28 in 1974, is back to just under two.

These factors, coupled with a resumption in profit growth, began to allay some of the fears of outside analysts. The Smith group was obviously not draining Waterford, so the combination of the existing management and Waterford's own investigations seemed to be the right one. Furthermore, Waterford was taking the right steps to digest the acquisition.

With the balance sheet restructured and a year of consolidation behind them, the directors are now poised for another bout of acquisitions. Mr. Owen Kealy, the finance director, claims that there is nothing specific the company has its eye on at the moment, but it is actively assessing possibilities.

There is no set plan as to the direction the company will move in next. Boardroom policy is simply to buy only where there is an existing quality image (in keeping with the image of the crystal which Waterford jealously preserves); where there is a good profit record; and where there is good existing management.

The Smith purchase taught Waterford that it does not have enough human reserves to put its own management into a new company unless a series of accidents means that the rest of the group can be left to tick over while attention is concentrated on a new acquisition. Waterford was luckily in a natural breathing space at the time Smith was bought, but such fortuitous circumstances are unlikely to recur.

Among other types of businesses Waterford has either been shown or thought about, tableware comes high on the list. Several silverware companies have been offered to Waterford, for instance, and turned down. There is some thought that a hire purchase offshoot might be a useful adjunct to the Smith car business, but so far there has been no concrete move in that direction. Overseas acquisitions are also on the cards, but to date the only such move has been to take over the British distributors of Waterford Crystal, more a tidying up operation than a true acquisition.

If the answer to what Waterford will buy next is nebulous, the reasons why it is buying in the market are perfectly clear. Quite simply it has had to diversify both to protect itself from the risk attached to being dependent on a single product, and to keep growing. These forces are by no means peculiar to Waterford alone: the same pressures lead to the creation of many other conglomerates.

In Waterford's case the hand blown and hand-cut crystal—the jewel in its crown—contains a number of inherent risks. It is, for instance, entirely dependent on the good will of an unusually highly skilled workforce; not surprisingly labour costs account for 70 per cent. of total costs.

Skilled glass blowers at one of the eight multipot furnaces at the Waterford factory.

Multipot

Expansion of crystal output is also restricted by labour factors. Real growth could only come about by the building of a new multipot furnace. The capital cost, about £1m., matters much less than the fact that the company already employs 2,200 workers in a town with a total population of 35,000. One new furnace would mean a 12 per cent. increase in this workforce.

In turn a new furnace would also increase output by about an eighth: one of the factors which must concern a producer of high quality consumer goods is in maintaining an element of scarcity value. Waterford cannot afford to flood its market.

At the same time it is already up against capacity with its current facilities. With total output pre-sold a year in advance, the company is well protected against a sudden drop in consumer spending, but it has little room to take advantage of any sudden upswing. Factory stocks amount to only three days' output.

Finally, there are currency fluctuations to be thought of. These are of particular concern to a company which is so heavily involved in export. As it turns out, the purchase of Smith, because it is an importer, will this year help to even out some of the dollar deficit caused by the strengthening pound. According to Mr. Kealy, this has been one of the significant benefits of diversification.

Another has been the lessons learnt from the Switzer acquisition. Through Switzers, Waterford learned at close hand the requirements of retailing groups—to which its crystal output is finally directed. Being involved in retailing has also taught Waterford the virtue of close attention to cash flow, and this is now being applied throughout the group.

The particular advantage of Hinde is that its business is independent of the consumer industry fluctuations which affect the other main divisions, so it provides a useful, if relatively small, defence against a downturn.

Analysts may not like conglomerates, but so far Waterford seems to be showing that turning conglomerate can be an asset, both defensively and in a positive sense.

LOMBARD

Strains in the U.S. banks

BY ANTHONY HARRIS

GEOFFREY WOOD is an English economist who has become quite well known in the City: until recently, he was one of the authors of the Greenwell monetary bulletin, the market commentary that so often turns into a lecture for the Bank of England. Now he is on a year's visit to the U.S., and in the bulletin of the Federal Reserve Bank of St. Louis—the banking headquarters of pure monetarism—he shows that the Atlantic crossing has not changed his habits. He has written what seems to be a sharpish lecture to certain economic commentators; but by implication he is getting at the Fed itself. That will teach the system to be hospitable to Englishmen.

Operations

His title is "Do foreigners control the U.S. money supply?" which is answered with a strong negative, which makes rather odd reading back here at home; for he seems to be looking at the wrong foreigners. The foreigners he has in mind are bankers in the Eurodollar market—who are *often enough Americans anyway*: and he shows that operations in the Eurodollar market, which must always be based on deposits with U.S. banks, cannot increase the U.S. money supply in any fashion which the Fed cannot control. The credit in the market can always be traced to U.S. credit, and the deposits simply change hands.

This looks to me very much like the wrong answer to the wrong question. It is true enough that the Fed has the final say in the market; but it is not true that Eurodollar transactions do not enlarge the U.S. money supply. External demand does enable U.S. banks to lend nearer to their limits.

Mr. Wood, in other words, *seems to have fallen into the* trap dug by monetarism for itself: he assumes that the banking system is always fully lent. Of course you have to believe this if you want to argue, as monetarists do, that the central bank has full control of the money supply through its control of high-powered money, or reserve assets as we call them here. It isn't true, all the same. The U.S. banks were quite recently in a very strong liquid position, with a loan-to-deposit ratio down 5 per cent. from the 1974 peak, and adequate free reserves. Now the loan ratio is right up again, and the banks are heavily borrowed from the Federal Reserve system.

So far we can only conclude that foreign as well as domestic transactions can put the banks *and the control system under* strain; but when the borrowing reflects speculation against a weak currency, the position changes radically in a way which Mr. Wood does not seem to consider at all. What happens when people borrow dollars to sell them to some other central bank—in other words, when other monetary authorities are intervening to support the dollar? Mr. Wood addresses only the question of what happens when the Bank of England, say, buys U.S. securities from a private U.S. holder; and he shows, quite rightly, that this simply repatriates the dollars that were sold in the first place, and does not enlarge the U.S. money supply.

But the corollary which he does not mention is this: *when central banks buy securities from the U.S. authorities* rather than from private holders the U.S. money supply goes *down*. In this very important sense, foreigners—central bankers, not Eurobankers—*are* controlling the U.S. money supply. Essentially they are buying up the dollars created by excessive lending and investing them in the U.S. Government securities the market does not want.

The result is that excessive lending can go on without inflating the U.S. money supply; and if the Fed allows its policies to be guided simply by money supply growth, without taking account of foreign intervention reducing the money supply, it will go on lending to member banks to support yet more excessive lending.

Alarm

The result is that although the currency markets may look relatively orderly, and the money supply may appear to be well behaved, the banking system soon presents an appearance that has provoked the Bank Credit Analyst, a Canadian journal with a strong following in Wall Street, into paroxysms of alarm. It now forecasts not only a continued fall on Wall Street, but a credit crunch by mid-year. The reason, which is not clearly identified, is that the reserves of the American banking system have been draining across the oceans into the currency reserves of foreign central banks. As long as the central banks lend them back to the U.S. authorities, and the authorities lend them to member banks, everything looks fine except the ratios: but at some point the music stops. One can only hope with the Fed now giving explicit attention to external factors, that it will stop before we all fall down.

Fine burgundy is for early buying

WINE

BY EDMUND PENNING-ROWSELL

WINTER-TIME is traditionally burgundy time, and so the first article here of the year is properly devoted to it. Those in Britain who favour red burgundy over other wines have never been provided with the range of fine growths available to those who opt for claret; and for geographical as well as historical reasons this has always been the case. Bordeaux, accessible to the sea, was always able to export its wines more easily than land-girt Burgundy, and our three-hundred year rule of Gascony helped to maintain the connection ever after. Paris and northern France, on the other hand, relied on burgundy, often brought down the Seine, while bordeaux only obtained a measure of acceptance at the Court in the 18th century.

If one goes by Christie's catalogues, stretching back more than 200 years, burgundy occupied a very minor place in the saleroom compared with claret; and this was true right up to the Second World War, with such burgundy as offered being very much confined to village wines, such as Nuits St. Georges and Beaune. And single-vineyard wines were scanty on most merchants' retail lists.

It would be wrong to deduce from this that claret has been or is generally preferred by wine drinkers in these islands. One factor counting against burgundy is that by and large it has always been more expensive than bordeaux, and there is not the enormous range in quality, quantity and price procurable in Bordeaux, from classed-growths to basic bordeaux rouge. The Cote d'Or produces only about 300,000 hl. a year of *appellation controlee* wine, a tenth of Bordeaux output.

Until the AC laws were strictly applied here on our entering the Common Market in 1973, a great deal of wine was shipped from Burgundy without appellation. Much was, shall we say, generic rather than authentic village wine, but those who knew their way about the Burgundy region, often bought for two-thirds or less of the AC price excellent, authentic wines surplus to the excessively strict official maximum yields, which since 1974 have been relaxed and increased. As Britain was the great market for such "surpluses," no longer able to secure entry here—though it would be naive to believe that in France they no longer exist—to us burgundy looks all the more expensive.

Unfortunately there is no prospect that this will change, unless it results from a sharp drop in the value of the franc in relation to sterling. Meanwhile the neighbouring countries of Belgium and Switzerland, whose thirst for fine burgundy has been matched by their buying power, have been steadily increasing their purchases. At the Hospices de Beaune auction in November they were much the largest foreign buyers. Further, as everywhere in France, there has been a marked rise in consumers' direct buying. The merchants' association in Beaune is now engaged in trying to secure a reliable estimate of the scale of '*vente directe*,' but it is probably not less than 25 per cent. of the average production. Consequently there is less available for sale to the merchants.

Moreover, there tend to be fewer successful vintages in Burgundy than in Bordeaux. When they are bad in the former's Continental climate they are usually very, very bad, especially for the red wines. For example Burgundy did not share Bordeaux's good fortune in 1975, *except in Chablis, while 1973 and* 1974 were generally worse in Burgundy than in its rival.

Accordingly, for one cause or another, there is usually far less back stock in Burgundy than in the Gironde, so that the merchants in the region these days have to buy, and often to sell, very quickly. Just now the trade there is very short of supplies, having in many cases already disposed of the bulk of their '76s. So the no-more-than-moderate '77s are already dearer than their superior predecessors, the best are already sold, and prices are continuing to rise.

The likely consequence is that those here in Britain who wish to secure a selection of the finer burgundies must accept the pattern of early purchase that is establishing itself for all vintage wines requiring maturing of a period of years. This is less easy than with claret, for which there is an old tradition of offering young vintages for laying down, a practice now speeded up to the extent of offering "unseen" wines still lying in cask at the chateaux. These include both the '75 and '76 clarets, but for the '76 burgundies I am aware *of only one comprehensive selection* offered last spring, by Averys of Bristol. As most of the big groups have, at least for the present, foresworn buying vintage wines for maturing, consumers will have to rely on the smaller firms with necessarily limited resources for buying *en primeur.*

Fortunately, however, there are still some good Cote d'Or wines of the '71 and '72 vintages available on lists. There are '73s too, but for very short-term drinking. Few '74s have yet arrived, but they should not be overlooked, though, as with all burgundies, it all depends who made each particular wine. Your wine merchant should know. If the red '75s are poor, the '76s are certainly the best since '71, and perhaps further back into the 1960s. Judging from tastings in Beaune and in London, in the auctions where Louis Latour showed to the trade a range of his red and white '76s, the wines are fruity, but not very big or backward, and should develop reasonably quickly. The '76 *whites may not be as good as* the '73s, for the former are thought to lack a little acidity and firmness, but they are certainly successful wines.

What in particular to buy must depend on personal preferences and available resources, but better value among single-vineyard wines is likely at the *premier cru* than *grand cru* level: Mazis- or Charmes-Chambertin rather than *Chambertin*, Vosne-Suchots rather than Romanee-St-Vivant, Batard-Montrachet nor Puligny Combettes instead of Montrachet, now extremely expensive.

Then, rising prices have led many in the last few years to look more closely at the lesser Cote d'Or communes, such as Monthelie and Auxey-Duresses. In the boom years of the early seventies, increased planting took place in the villages high up in the Cotes, such as St. Romain and St. Aubin, while there are two new appellations: Hautes-Cotes-de-Beaune and Hautes-Cotes-de-Nuits. All these wines tend to be lighter than those more in the "front line" of the two districts.

Also attracting more attention these days, and with it higher prices, are the Cote Chalonnaise wines: Givry, Rully and Mercurey among the reds, and Rully, Mercurey and Montagny among the whites. The reds are lighter, the whites less distinctive than those of the Cote d'Or, but *nevertheless both* can be very attractive, though normally not long-livers.

If the general message is that more and more it pays to buy burgundy young, one cause for satisfaction may be that it is much easier to forecast the future of a burgundy than of claret. No one, in or out of Bordeaux, really knows how the '75 and '76 clarets will turn out but a pretty good assessment may already be made of the '76 burgundies. A second likely cause for satisfaction is that even in these days of promised diminution of inflation, one is unlikely later to regret what one has bought at near-opening prices which will then look remarkably cheap.

Jonjo O'Neill could be on another treble at Wetherby

RACING

BY DOMINIC WIGAN

IT WOULD seem that Jonjo O'Neill has only to get astride a horse in order to ensure victory, and the probability is that he will be among the winners again at Wetherby to-day.

In division I of the Healaugh Novices Hurdle he partners Tudor Jig, a high-class performer on the flat provided that the ground is soft (he won the Tote Spring Handicap at *Doncaster* and the Northern Free Handicap at Newcastle in such conditions last spring and I shall be surprised if the combination is not successful this afternoon.

Later, the season's leading jockey under National Hunt Rules can complete a double in division II of the same event on Royal Legend, an easy winner at Teesside last month.

And it is on the cards that there will be two more—Foreign Field in the Wike Handicap Chase and Greystoke Rambler in the Keswick Handicap Chase.

Ice Plant, a useful performer over hurdles, would only have to jump fences accurately in order to win the Collingham Novices Chase for Captain Neville Crump's Middleham stables.

At Wolverhampton, Great Brig, though by no means the best of *Fred Rimell's* collection of promising young jumpers, performed sufficiently well as runner-up to Toussaint at Cheltenham a fortnight ago to suggest that he ought to be capable of winning the Bescot Novices Chase.

And in the absence of Mackelly, Beach Party, *also from* Rimell's emporium may fulfil promise by landing division I of the Bridgnorth Novices Hurdle.

Sean, from John Webber's well managed Banbury stable, is my idea of the winner of division II of that event.

WETHERBY
1.30—Ice Plant
2.00—*Foreign Field*
2.30—Tudor Jig***
3.00—Greystoke Rambler
3.30—Royal Legend**

WOLVERHAMPTON
1.45—Beach Party*
2.45—Great Brig
3.45—Sean

Boat show for Guernsey

Boat Show Channel Islands, of Guernsey, is planning the first international boat show to be held in the area, using St. Peter Port's new conference, exhibition and leisure centre at Beau Sejour, and part of the Victoria Marina.

The company expects to attract more than 100 exhibiting companies from the U.K., France, the Channel Islands, and farther afield.

The show will take place from May 1 to 6.

Breughel breaks record

BY ANTONY THORNCROFT

A VERY successful sale of Old Master paintings at Sotheby Parke Bernet in New York on Friday totalled £1,024,500 and set American records for six artists.

The most important was the £291,666 paid by the Swiss dealer David Koetser, bidding by telephone, for *Flowers in a glass vase* by Jan Breughel the Elder. Four times the estimate, this was the highest ever price paid for a still life at auctions.

Other records were the £35,526 for a still life by Abraham van Beyeren; £31,250 for a river landscape by Joost de Momper; £29,950 for a vase of flowers by Nicholas van Verendael; £14,583 for another still life by Floris van Schoolen; and £13,542 for yet another still life of flowers and fruit, this time by Maria van Oosterwyck.

Outside of the records, a village wedding by Jan Steen realised £31,250 and a still life by Pieter Claesz £26,042. Two paintings by Jan van Goyen sold for £24,740 and £18,750, and skaters on a frozen river by Isaac Ostade fetched £23,440.

APPOINTMENTS

Marks & Spencer senior post

Mr. Richard Greenbury has been appointed a joint managing director of MARKS AND SPENCER. Mr. Greenbury, who joined the company as a management trainee and who has been on the Board for some years, will be one of six joint managing directors. Sir Marcus Sieff, the chairman, and Mr. Michael Sacher, vice chairman, both serve as joint managing directors together with Sir Derek Rayner, Mr. Brian Howard and Mr. Henry Lewis.

*

Mr. C. P. Cakebread, vice chairman of the KALAMAZOO GROUP, has retired from executive duties but he remains on the Board as a non-executive director.

*

Mr. John McNab, director of upper docks, PORT OF LONDON AUTHORITY, is to become joint director of manpower from February 1 and will work closely with Mr. John H. Gabony, director of manpower, who retires at the end of June. Mr. John N. Black, *previously director of* Tilbury, has been made director of docks.

*

Mr. W. H. Coates has been appointed by HUMPHREYS AND GLASGOW as consultant on phosphatic fertilisers. Until his retirement, Mr. Coates was chairman of the agricultural sector of Albright and Wilson.

*

Mr. Tristao da Cunha has joined LONDON AND CONTINENTAL BANKERS as general manager, Latin America. He was previously with London Multinational Bank. Mr. Manuel M. de Olazabal has moved to London and Continental Bankers, as area manager—Southern Europe, from Banco Totta and Acores.

*

Mr. Robert J. Middleton has been appointed chief executive of the SALTER GROUP and managing director of George Salter and Company (part of the Staveley Industries Group). Mr. Philip Bache relinquishes his positions as chairman and joint managing director of Salters and becomes non-executive chairman.

*

Mr. G. A. Rogers has been appointed to the new post of deputy financial director of the LONDON ELECTRICITY BOARD.

*

Mr. H. B. Derbyshire, managing director of the industrial division of the Firth Cleveland sub group of GKN, has been appointed chairman of GKN Farr Filtration. He replaces Mr. M. P. Rathbone, joint managing director of Firth Cleveland, who remains on the Board of GKN Farr Filtration.

*

Mr. B. Burdekin has been appointed a director of Arcon Building Exports and Taylor Woodrow (Arcon), members of the TAYLOR WOODROW GROUP.

*

Mr. Philip A. Lait has been appointed a director and chairman of all companies in the STERLING GROUP following the death of Lord Plurenden. Mr. Lait is chairman and managing director of Philip Lait and Co. and is also on the Board of MFI Furniture Centres. Lady Plurenden has joined all Boards in the Sterling Group.

*

Woods and Maslen has formed a subsidiary called WOODS AND MASLEN (U.K. INSURANCE BROKERS) to control and develop non-marine commercial insurance portfolios. Directors of the new concern are Mr. A. W. Higgins (chairman), Mr. R. C. Woods, Mr. K. J. Monk (managing), Mr. M. R. Fox and Mr. R. A. Skinner. Mr. J. Hollowbread is assistant director and Mr. G. N. Clark consultant.

*

Mr. G. M. Watson has been appointed a director of BOWMER AND KIRKLAND (PLANT) and continues as general manager. The parent concern is J. D. White.

*

Mr. Richard Adkins has joined ARTHUR PRICE OF ENGLAND as sales director. He was previously with Viners.

*

Mr. Ronald Lowe, formerly managing director of Gola Sports, has become general manager of DUNLOP SPORTS COMPANY. Mr. David Sealey, who was marketing director of Dunlop Sports, will take up a new appointment as projects manager in Dunlop International Sports Group.

*

Mr. John Purdham has been appointed to the newly-created post of financial controller and secretary of the PRESS ASSOCIATION, the national news agency. He has been the company's secretary and chief accountant since July 1968.

*

Mr. Blake Gorst has been appointed managing director of Tower Hill Developments and Victoria Trust Company, subsidiaries of C. T. BOWRING AND CO.

TV/Radio

BBC 1

† Indicates programme in black and white

9.10 a.m. For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Ragtime. 2.00 You and Me. 2.14 For Schools, Colleges. 3.25 Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Wally Gator. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 The Magic Gorilla. 5.35 Fred Basset.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 One More Time (London and South-East only).
7.20 The Oregon Trail.
8.10 The Good Old Days.
9.00 News.
9.25 Play For To-day.
10.50 To-night.
11.30 The Engineers.
11.55 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—2.32-2.37 p.m. For Schools. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.15 Pobol Y Cwm (senod) pennod 16. 7.45-8.10 Ask the Family. 1.55 News and Weather for Wales.

SCOTLAND—5.55-6.20 p.m. Reporting Scotland. 11.55 News and Weather for Scotland.

NORTHERN IRELAND—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 Here's Now. 11.55 News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.50-7.20 East (Norwich) In a Country Churchyard; Midlands (Birmingham) Summer Diversions; North (Leeds) Young Music Makers; North East (Newcastle) Box Clever; North West (Manchester) A Good Sing by local choirs; South (Southampton) Hey Look . . . That's Me!; South West (Plymouth) Peninsula; West (Bristol) Breakthrough.

BBC 2

11.00 a.m. Play School.
2.15 p.m. Other People's Children.
3.00 Film as Evidence.
3.30 The Living City.
7.00 News on 2 Headlines.
7.05 Propaganda With Facts.
7.30 Newsday.
8.10 International Pro-Celebrity Golf.
9.00 Spike Milligan in Q7.
9.30 Hussein—The Survivor King.
10.25 In The Looking Glass.
10.55 Late News on 2.
11.05 The Old Grey Whistle Test.

LONDON

9.30 a.m. Schools Programmes. 12.00 The Wotsit From Whizz-Bang. 12.10 p.m. Stepping Stones. 12.30 Kitchen Garden. 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 The Stars Look Down. 3.20 The Rolf Harris Show. 3.50 Couples. 4.20 Get It Together. 4.45 Magpie. 5.10 Sportscene.
5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Dave Allen.
7.30 The Streets of San Francisco.
8.30 Rising Damp.
9.00 Wilde Alliance.
10.00 News.
10.30 The Children of Aberfan.
11.15 Quincy.
12.10 a.m. Close: Karin Fernald reads a poem about Christianity.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 3.20 The Electric Theatre Show. 5.15 Emmerdale Farm. 6.00 About Anglia including Police Call. 7.30 Movin' On. 11.15 The Prisoner. 12.15 a.m. Christians in Action.

ATV

1.20 p.m. ATV Newsdesk. 3.20 The Electric Theatre Show. 5.15 Mediterranean Venture. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Charlie's Angels. 11.15 Gibbsville.

BORDER

12.20 p.m. Border News. 2.00 Houseparty. 3.20 Friends of Man. 5.15 Indoor League. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Charlie's Angels. 11.15 Baretta. 12.20 a.m. Borders News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 3.20 Wish You Were Here. 5.15 The Flintstones. 6.00 Report At Six. 7.00 Treasure Hunt. 7.30 Streets of San Francisco. 8.30 Dave Allen. 10.28 Channel Late News. 11.15 West Side Medical. 12.30 a.m. Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 3.20 Women Only. 5.15 Wings 'n' Things. 6.00 Grampian Today. 6.10 Country Focus. 7.30 Thingummyjig. 11.15 Reflections. 11.25 Police Woman.

GRANADA

1.20 p.m. This Is Your Right. 3.20 Mr. and Mrs. 5.10 This is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 11.15 Play the Game—Snooker. 11.45 Wait Till Your Father Gets Home.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 3.20 The Electric Theatre Show. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 7.30 The Bionic Woman. 8.30 Cuckoo in the Nest. 11.15 Executive Suite.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Y Marchog Glas a Chlodwr. 6.00-6.45 Yr Artogwry. 6.00-6.15 Y Dydd. 11.15 Personal Report. 11.45-12.30 a.m. Celebrity Squares.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News and Road Report. 3.20 Mr. and Mrs. 5.15 Professor Kitzel. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Thingummyjig—Jack McLaughlin. 11.15 Late Call. 11.20 Ruth.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 3.20 Survival Special: "Call of the Fish Eagle." 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day including Southsport. 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Charlie's Angels. 11.15 Southern News Extra. 11.25 The Practice.

TYNE TEES

9.20 a.m. The Good Word followed by North East News Headlines. 1.20 p.m. North East News and Lookaround. 3.20 The Odd Couple. 5.15 Friends of Man. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Charlie's Angels. 11.15 The Dame of Sark. 12.15 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 3.20 Mr. and Mrs. 4.18 Ulster News Headlines. 5.15 Friends of Man. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Charlie's Angels. 11.15 Pro-Celebrity Snooker, followed by Bedtime.

WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.20 Wish You Were Here. 5.15 The Flintstones. 6.00 Westward Diary. 7.00 Treasure Hunt. 7.30 Streets of San Francisco. 8.30 Dave Allen. 10.28 Westward Late News. 11.15 West Side Medical. 12.10 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 3.20 Houseparty. 5.15 Indoor League. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Charlie's Angels. 11.15 Police Woman.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Kid Jensen. 4.31 Dave Lee Travis including 5.30 Newsbeat. 7.00 Folk 78 (S) (joins Radio 2). 8.02 As VHF. 10.02 John Peel (S). 12.00-12.05 a.m. As Radio 2.

VHF Radios 1 and 2: 6.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 8.02 Hubert Gregg at The London Theatre, part 28. 9.02 Among Your Souvenirs (S). 10.02 With Radio 1 and 12.00-12.05 a.m. With Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Ray Moore with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.43 Sports Desk. 6.45 Sports Desk. 7.02 Folk 78 (S). 7.30 On The Third Beat (S). 8.02 Soccer Special (200kHz only; 1484kHz as VHF). 9.30 Joins VHF. 9.55 Sports Desk. 10.02 Beat the Record. 10.30 Prunella Scales says Be My Guest. 11.02 Brian Matthew with The Late Show. 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer. Franck (S). 9.50 Academy of the BBC (S). 10.35 In Short (talk). 10.45 A Late Mozart Quartet (S). 11.15 Music for Voice and Harp part 1 (S). 12.00 Interval Reading. 12.10 p.m. Music for Voice and Harp, part 2. 1.00 News. 1.05 The Arts Worldwide. 1.20 Symphony Concert in Berlin part 1 (S). 2.00 Interval Reading. 2.05 Symphony Concert, part 2. 2.50 Beethoven From Bristol (S). 3.45 A Little Light Music (S). 4.45 In Memory of John Clough (S). 5.15 Jazz Today on records (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Work and Training. 7.30 Royal Liverpool Philharmonic Orchestra part 1: Beethoven, Bartok (S). 8.15 A Self-Portrait. 8.35 Concert part 2: Dvorak (S). 9.30 A Dialogue on the French Revolution by Maurice Cranston. 10.20 Leontyne Price song recital (S). 10.40 Haydn and Beethoven piano recital (S). 11.25 News. 11.30-11.35 And Tonight's Schubert Song (S).

RADIO 4

434m, 330m, 285m and VHF

† Medium Wave only

6.15 a.m. News. 6.17 Farming Today. 6.35 Up to the Hour. 6.52 (VHF) Regional News. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued). 7.52 (VHF) Regional News. 8.00 News. 8.10 Today including news headlines, weather, papers, sport. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Round Europe Quiz. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Profile. 12.00 News. 12.02 p.m. You and Yours. 12.27 Desert Island Discs. 12.55 Weather, programme news: VHF (except London and S.E.) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (1 from 2.00 including 2.00-2.02 News). 2.45 Listen with Mother. 3.00 News. 3.05 The Pickwick Papers (S). 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity (S). 5.55 Weather, programme news: (VHF) Regional News. 6.00 News including Financial Report. 6.30 The Burkiss Way. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Royal Liverpool Philharmonic Orchestra concert (as Radio 3) (S). 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Enthusiasts. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 News.

For Schools (VHF only): 9.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 News Extra. 9.20 London Live. 11.03 In Town. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 In Town (as 11.03 a.m.). 8.30 All That Jazz. 10.03 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

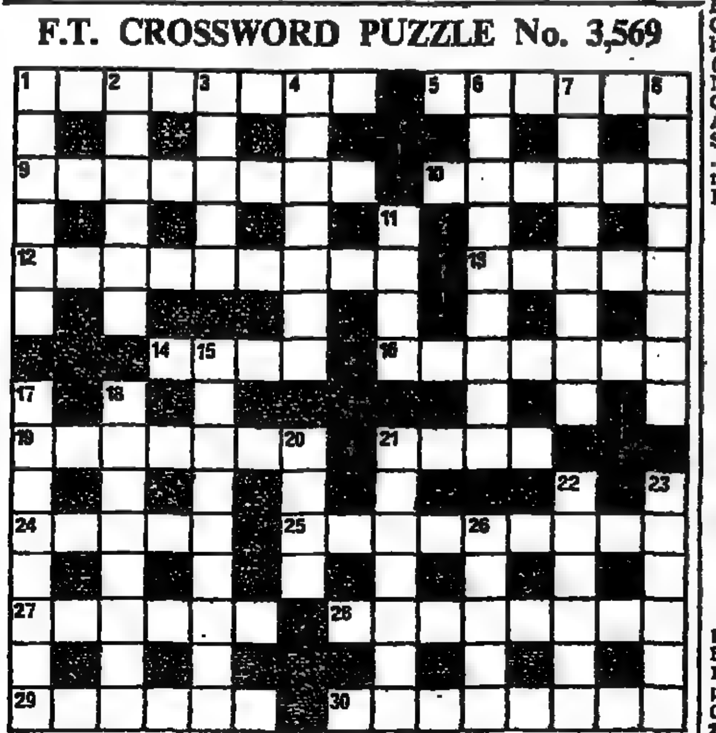
5.00 a.m. Morning Music. 6.00 A.M. with non-stop news, travel, sport, reviews, information. 10.00 Brian Hayes. 1.00 p.m. LBC Reports including George Gale's 3 o'clock Call. 8.00 After 8—with Ian Gilchrist. 1.00-5.00 a.m. Nightline.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen with Cash on Delivery (S). 3.00 p.m. Roger Scott with his Three O'Clock Thrill (S). 7.00 London Today with Bryan Wolfe and Pam Armstrong (S). 7.30 Adrian Love's Open Line (S). 9.00 Jonathan King's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 a.m. Peter Young's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,569



ACROSS

1 One who mourns later about people (8)
5 Crept surreptitiously to the north but was nicked (6)
9 Tend to accept bet and appear occupied (8)
10 Abdominal irregularity puts her in a mess (6)
12 & 13 Final items I can re-order for this paper (9,5)
14 Help to make a wager (4)
16 Submerged that which doctor possessed (7)
19 A large article I left for servant (7)
21 Key part of bicycle frame (4)
24 Deceive roguish leader in a moment (5)
25 Be seen in false-teeth for security (9)
27 Catch part sent back to the north-east (6)
28 Film cartoonist could make a man riot (8)
29 Stop working and make money (6)
30 Tolerate Irishman and refuse to budge (5,3)

DOWN

1 Excuse the French gentleman (3,3)
2 Excavation yielding pottery with one name inside (6)
3 Light fabric from man in Ontario (5)
4 Poet, for example, in eastern catalogue (7)
6 The ideal number in 15 (6-3)
7 Arrive on top of pit with explosive (4-4)
8 The driver's left port for sailors (4,4)
11 Lump of earth left inside fish (4)
15 Coloured sailor seen in card game (9)
17 Dull hair used for part of *bed* (8)
18 Priest and I must appear in cathedral (8)
20 Cover nothing in swimming-pool (4)
21 Taxi I catch has more than one 18 (7)
22 Public transport put up in a row (4-2)
23 Animal with paws round vicar (6)
26 No people take this name (5)

Solution to Puzzle No. 3,568

D	E	A	R	M	E	■	S	P	E	L	L	O	U	T
A	■	S	■	O	■	A	■	A	■	O	■	L	■	O
M	A	I	L	O	R	D	E	R	■	O	M	I	O	W
P	■	A	■	N	■	V	■	C	■	K	■	V	■	I
D	O	M	E	■	A	I	R	H	O	S	T	E	S	S
O	■	I	■	W	■	C	■	E	■	L	■	■	■	H
W	I	N	S	O	M	E	■	D	A	I	N	T	Y	■
N	■	O	■	R	■	■	■	P	■	R	■	L	■	■
■	B	R	O	K	E	R	■	R	E	P	L	I	C	A
S	■	■	■	O	■	E	■	E	■	Y	■	U	■	U
C	R	O	W	N	D	E	R	B	Y	■	S	M	U	G
R	■	M	■	H	■	L	■	A	■	L	■	P	■	H
A	R	E	N	A	■	O	U	T	W	I	T	H	I	T
W	■	C	■	N	■	F	■	E	■	V	■	R	■	E
L	L	A	N	D	A	F	F	■	F	E	E	L	E	R

Hayward Gallery

Dada & Surrealism Reviewed

by WILLIAM PACKER

The more intently we look to Dadaist movement, and consider the attitudes it represents, the more that strange and fascinating body is inclined to fade away, defying our grasp as tantalisingly as any hologram, while its mischievous grin grows ever wider. There was a time when it appeared otherwise, and much simpler, both more substantial and more limited, merely one aspect, local, irreverent and identifiable, of the general advance towards the serious business of Surrealism. But our longer view has changed all that: recent research has opened the matter and the symptoms of Dada can now be discerned in what once would have seemed the unlikeliest of patients, a rash here, a slight fever there; and they were breaking out well before the condition ever received its name, in Zurich in 1916.

Symbolists, Expressionists, Post-Impressionists, Futurists, Vorticists and Cubists were all its carriers, most of them unknowingly; and, if its incubation was extended, so its subsequent spread was to be correspondingly wide, leaving few artists unaffected who did not consciously disavow the modern movement. The virus remains potent to-day, a direct influence on the work even of minimalists and Conceptualists.

It is nicely paradoxical that so far-reaching and insidious a movement, a power not only in the lives of artists but affecting the whole of our culture, conditioning our collective sensibility and commenting upon the kind of world we have made for ourselves should once have seemed, even to the artists most deeply concerned, so final, revolutionary, wilfully nihilistic and destructive.

The times perhaps encouraged such a view, at least during the Great War and its immediate revolutionary aftermath, when Western Christian civilisation seemed about to collapse, and the artist might reasonably see it his duty to intervene, politically or socially, to determine and shape the future. But the moment passed, and Tatlin's roof-top symphony for factory sirens soon seemed but a forlorn and wistful conceit: his monument to the Third International was never to be built. Dadaist flux and chaos gave way with Europe itself to the hard surrealist order of Stalin and Hitler, the nightmare inexorably working itself out.

The art-historical interpretation of history has much to recommend it. The Council of Europe's vast exhibition in Berlin last summer, "Tendencies of the Twenties," set out deliberately and effectively in its several parts to relate the work of the time to the enveloping political realities. The point was well made, and an intriguing coherency established between diverse and hitherto apparently irreconcilable activity.

The Arts Council's exhibition now filling the Hayward Gallery has nothing like the same scope, for all that it is by any standard a major historical enterprise, dense with material (the prospective visitor would do well to set aside several hours, or reconcile himself to more than one visit, to do it justice). It conforms to a loose chronology, following through its own serpentine course the various groups of artists, ever changing and re-forming, as the scene of their activity shifts from centre to centre, from Paris in 1912 to New York, Zurich, Berlin, Hanover, Barcelona, Paris again, and Brussels and London, and finally to the present dispersion. Each section is documented and particularised by reviews, statements, books, manifestoes and magazines: and the more general context is suggested by one of the happiest features of the show, the display cases discovered at intervals crammed with a rich miscellany of stuff to read as we like, direct influences jostling remote antecedents and contemporary ephemera: primitive sculpture, Edwardian dolls, post cards, film stills, dance music, Victorian engravings and illustrations, ancient anatomies, engineering primers, scientific journals, references to Dürer, Bosch, Breughel, Lewis Carroll, Edward Lear, Horace Walpole, an endlessly allusive and stimulating confection of information and idea.

*Our simple and closely directed progress through the show, and also its title, naturally lead us to try to distinguish between Dada and Surrealism, as one gives way insensibly to the other. Neither of them were ever truly revolutionary, for they overturned or destroyed nothing: but they were both liberating movements in their way: and here, perhaps, the essential difference lies. Dada (using that label in its widest sense) gave the artist several important freedoms, all technical: a mass of new material was made available to him, indeed anything at all, to be used in all manner of ways, in collage, construction, assemblage, photomontage: after Cubism the image could be broken down and reconstituted to expose its many facets to view simultaneously; and in film, too, liberties could now be taken with time and space. There was the freedom to question the nature of Art itself, a wry and teasing conceptualism: and then the freedom of the hand, freedom of action, the Dadaist gesture, the autonomy of the mark. Technicalities such as these quite apart from the quality of the work they engendered, help to explain Dada's continuing influence.

With Surrealism, however, the new freedom was never technical, but rather imaginative and psychological, to do with subject-matter rather than form. Assertive, literary and specific, it has always been the most accessible of modernisms, and the most provocative, the furthest many ever get with modern art: which is quite far enough, thank you very much. Its apologists can be fiercely partisan, defending their

Georg Grosz: AKT

orthodoxy from the heretic with great zeal. David Sylvester's distinction, as between the Church of the early fathers and the later, established Church, is amusingly apt.

The pressure eases noticeably in the later sections of the show, perhaps because it really is stretched beyond its proper length, perhaps through a failure of nerve on the part of the organisers. In general the work of the past 30 years is poorly represented, and important issues left in the air. Surrealism may come to a natural end, but where are the works to show the true Dada inheritance? Why do we see nothing of such artists as Paolozzi, Richier, Davie, Hamilton, Bacon, Freud, Johns, Rauschenberg, Warhol, Rivers, Balthus, Manzoni, Klein, and on and on, no Pop, no Minimalism, no Conceptualism, no Carl Andre, Richard Long nor Bob Law? It is never possible, of course, to include everything; but to try to bring things up to date with a late Miro or two, a poor late Picasso and a good Magritte, without a hint of the subject's possible ramifications, is disappointingly narrow. It would have been better to stop at 1945.

There are marvellous things to see, nevertheless, despite these reservations. A room full of mature Magritte, a wall of early de Chirico, Giacometti, Miro, Picabia, Grosz and Hannah Hoch passim, each affords us moments not just of interest but of exquisite physical pleasure. Man Ray is shown to be one of the greatest of photographers.

Dada and Surrealism Reviewed remains at the Hayward until March 27.

100 Club, Oxford Street

Midnite Follies Orchestra

by KEVIN HENRIQUES

Memories — and echoes — of Harlem, particularly of the Cotton Club of the late 1920s and '30s, were stirringly evoked at the exciting debut on Friday of this exotically-named 13-piece outfit which specialises in interpreting the music of the bands of that era, notably Duke Ellington, Fletcher Henderson and Cab Calloway. (To add an authentic historical touch, former Cotton Club singing star Adelaide Hall was listening appreciatively at the front of the audience.)

The band is the brainchild of two of the country's most enterprising musicians: Keith Nicols, pianist/trombonist and ragtime protagonist, and Alan Cohen, composer / arranger / saxist and unashamed Ellington devotee. Both have written all the arrangements, none of which are slavish copies of the originals. Neither are they gimmicky distortions. Several of the musicians assured me, though the music was not all that easy to play. Any difficulty was well concealed, however, because the spirit, enthusiasm and quality of execution belied any serious problems. This was not really surprising as the personnel was drawn from the best, but not necessarily best-known, players on the London jazz scene.

Clarinettist and master of the penny-whistle, Will Hastie soared and swooped in the style of Barney Bigard on "Rockin' in Rhythm" and "Saturday Night Function" and was one of the three-man clarinet choir who evoked the steamy jungle mood of "The Mooch." Multi-reedmen Johnny Barnes (lately of the Alex Welsh band) and Olav Vas were his two formidable colleagues. The trio of trumpets was equally impressive with Alan Elsdon (taking time from leading his own band), the highly individual Digby Fairweather and Mick Collins taking solos in their own personal style and not copying the recorded originals.

Keith Nicols inevitably had a solo piano spot (a James P. Johnson number) and, apart from directing the band and sometimes playing in the sax section, Alan Cohen contributed an Ellington-tinged composition of his own, "Midnite Follies." Only the four-man rhythm section warranted criticism, mainly for its lumpy stodginess. Perhaps the band's forthcoming concerts will gradually bring a lighter, more relaxed feeling to this department.

The orchestra also accompanied Sweet Substitute, a personable close-harmony trio who immediately recalled the Boswell and Andrews Sisters. These three youngsters have a remarkable feeling for the 1920s-30s period. While it was not surprising they sang "We're in the money," "Heebie Jeebies" and "Runnin' Wild" it was significant they included "Big City Blues," a song of the now neglected singer Annette Hanshaw. This and other imaginative touches indicated this musicianly group have studied the period and not simply plucked out familiar standards to get on the nostalgia bandwagon. They have made an LP (*Something Special*, on the Decca label) with the Midnite Follies Orchestra. It should be worth buying.

Wyndham's

Hermann Prey by DAVID MURRAY

Too much charm perhaps, and too beautiful a voice: in England these things do not recommend a Lieder singer at any rate if he is not a soprano. Hermann Prey's honeyed baritone — the adjective springs to mind with fatal promptness — does not to some English ears sound *serious* enough. Never mind his musical intelligence his precise relish for words, his direct and vital rhythmic sense, or even the fact that a great deal of Strauss and Wolf—and Schubert—lies singularly happily upon such a voice: its velvety middle range is simply too seductive though it woes with a rich and woody bass register and a ringing, virile top.

The esteem which Prey enjoys among German-speaking music-lovers must derive from their failure to grasp the austere demands of their own song repertoire. I fear that my own taste has been corrupted by having heard Prey often on his home ground; and his recital on Sunday night, under the auspices of the Vocal Art Appreciation Society, may have subverted others too, to judge by the reception it had. It consisted entirely of *Balladen*, that peculiarly Austro-German genre of narrative songs — sometimes jokey, sometimes melodramatic, generally short of tunes. Prey has a special affection for them which shows itself in the communicative delight of his performances (he is surely a master story-teller for children), and if a dozen ballads seemed short weight for an evening he made it up with shamelessly engaging accounts of four more, including a grandly stirring "Die beiden Grenadieren" and the irresistible "Hochzeitslied" of Loewe.

The official programme featured three sterner Loewe ballads, with plenty of room for Prey's loving impersonations: the hoary tale of "Archibald Douglas," a pure period-piece, can still have a moving immediacy with such singing. The opening Schubert group was scarcely hurt by a passing frog-in-the-throat, but it sounded a bit respectful—Goethe's "Der Sänger" was later eclipsed by Wolf's setting of the same ballad, as perfectly suited to the Prey *persona* as was the Wolf-Goethe "Rattenfänger," a Pied Piper with a specifically erotic magnetism. The Gothic atmosphere of Wolf's "Feuerreiter" and Schumann's "Belsazar"—a piece which I have not heard so persuasively enacted before—was steeped in *Grausamkeit*. Prey is always keenly responsive to his accompanist, who on this occasion was the sterling Geoffrey Parsons. In all the songs, but most of all in Loewe and in "Abscheid," Wolf's delectable anti-critic squib, Parsons matched his partner with witty elegance and impeccable timing. It seems to me that Prey is in his splendid prime now: it will be to our loss if we do not welcome him back as often as possible.

A literary cabaret

On Saturday January 21, at 8.00 p.m. there will be a literary cabaret at the ICA Theatre, presented by Jay Landesman, publisher of Polytantric Press and a former cabaret-theatre entrepreneur. The evening will be one of readings, songs and dramatisations from the work of the writers he has published, with Landesman as the compere.

The writers participating are: Elizabeth Smart—author of *By Grand Central Station I Sat Down And Wept* who will read from her new novel *The Assumption of the Rogues and Rascals*; Heathcote Williams who wrote *AC/DC*, in a dramatic performance of his play *Hancock's Last Half Hour*; Fran Landesman—American song writer singing and reciting from her forthcoming book of lyrics and verses *Invade My Privacy*; J. V. Stevenson—TV critic and author of *The Dotty* in excerpts from his one-man show *Dying In Style, a Decadent Entertainment*; and Gideon Sams—15-year-old author of *The Punk* reading from the writings of Punk.

Pierpont Morgan Library, New York

The Age of Rembrandt

by DENYS SUTTON, Editor of Apollo

Any exhibition with the title "Rembrandt and his Century" has an irresistible appeal to those with an unquenchable appetite for seeing the works of a great master and learning more about the artistic background of his period. The show at the Pierpont Morgan Library, New York, must be one of the most comprehensive exhibitions of 17th century Dutch drawings to have been held in our time: the contents come from the collection of one man, Frits Lugt, and are now the property of the Foundation Custodia, Paris.

The approach to Dutch art of the Golden Age is constantly changing; for instance, it often used to be claimed that its character corresponded to the Calvinist spirit but, as Professor Seymour Slive pointed out, many Dutch artists were Catholics. Moreover, recently the allegorical content of the paintings of Jan Steen has been discussed in full.

Inevitably, Rembrandt dominates the exhibition. His versatility and virtuosity never cease to astonish; he had the gift of being able to convey the essence of a theme in a telling manner. Many of his scenes are presented as if on stage: the protagonists rivet us in rather the same way that we are captivated by a moment of theatrical intensity. Significantly, Roger Fry began to abandon his rigid concept of formal analysis when in later life he lectured about Rembrandt.

*In Fry's time, an interpretation of a work of art that took into account its emotive content was apt to be frowned upon. But who could resist the way in which Rembrandt suggests the spiritual force emanating from Christ as He heals Peter's mother-in-law? In its way, this is more "Christian" than any of the works in the Early Christian art exhibition at The Metropolitan Museum, New York.

A drawing such as *Saskia's lying-in room* is a masterpiece of intimacy and feeling—the nurse who sits in front of the bed making lace reminds us that, like many a good dramatist, Rembrandt knew the value of introducing this stock figure into a composition. The nurse can act as an anchor of humanity, as she does in Shakespeare and Chekhov; a variant of this is provided by the wardress in Terence Rattigan's *Cause Celebre*.

Rembrandt achieves his effects by combining different elements in his drawings—the use of a heavily accented outline of wash, suggestive of atmosphere and a simplification of form. Rembrandt possesses a lapidary almost epigrammatic quality in his drawings. One of the most striking in this exhibition is the *Windmill of a Bulwark*, a romantic drawing which conjures up the spirit of the place as idyllically as do Claude's drawings of the Campagna.

Some Dutch artists were captivated by the challenge of depicting the features of their towns and cities; they have left enchanting visual accounts of the appearance of seventeenth-century Holland. Other artists, however, had a more imaginative character, such as Aert Van der Neer, as appears in his *River Scene by Moonlight*. Carlos van Hasselt in his informative note in the catalogue that would make an excellent handbook, observes that it was "certainly a work in its own right and not a study for one of his pictures." This drawing is a reminder that Jongkind was very much of a Dutchman: Van Gogh, too.

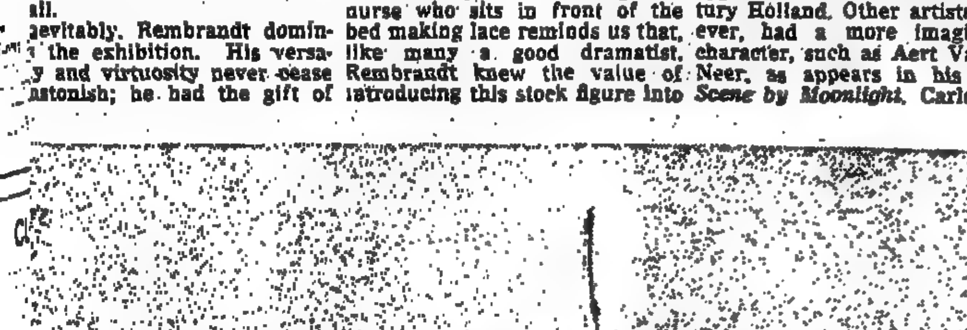
Two of the most exciting drawings are by Jacob van Ruisdael —one represents a village Church and the other a manor on the River Amstel; both have a delicious impressionistic character. In the former the quivering touches of the chalk affords an illusion of life. The artist has transmuted his obversation of the scene into what could prove to be a *capriccio*.

An exhibition of this type contributes to connoisseurship. Philips Konincks is usually thought of exclusively as the painter of those pointilliste landscapes that won the heart of Nicolas de Stael. On this occasion he is represented, not only by a landscape drawing, but by *The Mocking of Christ*, which was long given to Rembrandt, understandably so. The approach is similar to that of the master but little differences of emphasis can be observed. This double-sided sheet remains a striking drawing in which the figures suggest the unleashing of mob hysteria.

Many remarkable drawings are to be found in this show, such as Saenredam's study of the organ in St. Bavo, or the interior of St. Cunera's Church at Rhenen. In these two drawings the subtle understanding of architecture has a lyrical charm.

Recent research has brought back into favour the Dutch painters who went to Italy, and who have formed the subject of more than one exhibition or book. These Northerners were attracted by the tourist sights and also adored the warm sunlight; artists such as Breenbergh, Dujardin, and Van Wittel were able to evoke the mood of the "land where the lemon trees blossom."

This impressive show will be shown at the Institut Neerlandais, rue de Lille, Paris, from March 16-April 30.



Rembrandt: Windmill on a Bulwark

Elizabeth Hall

Söderström

The eighth of the South Bank's "Mainly Schubert" series was a song recital on Sunday by Elisabeth Soderstrom and Martin Isepp—a first half of Schubert, then a group each of Grieg and the Swedish Sjogren. Miss Soderstrom, who has with a minimum of fuss or star publicity, but with any amount of talent, musicianship and genuine charm, become one of the most admired and loved sopranos of the day is, as London now knows, an irrisistible recitalist.

The choice of Schubert songs included enough firm favourites to make one suspect insurance against the unfamiliar name of Sjogren later in the programme. Suspicious or not, it mattered little when the fresh, unhackneyed and unexaggerated approach the singer brought to "Ganymed," "Heidenroslein," "Lied der Mignon," "Gretchen am Spinnrade" and "Seligkeit." She has the Lieder-singer's gift of seeing a song whole if not the complementary gift of loading each phrase with verbal and musical meaning. Finish was not absolute: some of her entries, in "Die Forelle," for example, were a thought imprecise.

In Grieg the full Scandinavian colour came into the voice with its shaded, flitting vowels of Norwegian—admirable language for singing, as Flagstad and others before her knew so well. Miss Soderstrom showed just why "I love thee" has remained universally popular in a world incurious about Grieg's high standing as a song-writer, and cast the usual enchantment with "Spring." "The Princess," surely the same poem set later by Delius (and not in Grieg's hands quite so haunting), was worth hearing, but for musical interest was beaten by "Two brown eyes."

Sjogren, a slightly younger contemporary of Grieg, was a fluent song writer (Grove speaks of "nearly 200") with, to judge from the samples heard last night, fine workmanship and agreeable fluency, Griegian in mood but less individual and harmonically adventurous. His "In den Schatten meiner Locken" was not disgraced by memories of Wolf's stronger treatment of the same words. By some chance of programme-building Miss Soderstrom gave us Norwegian and Danish but nothing of her native Swedish. Encores brought one each from the three composers including a beauty by Grieg—"The way of the world." Here Martin Isepp, who had played finely all evening, excelled himself.

RONALD CRICHTON

Wigmore Hall

Julian Bream

Why give two Wigmore Hall recitals when one Festival Hall recital would please three times as many people for half the effort? The question has probably never occurred to Julian Bream (fortunately for his audiences): he clearly relishes the intimacy with a packed, hushed house provided by the smaller hall, and will probably enjoy himself just as much when repeating his programme tonight as he obviously did on Sunday.

In the Wigmore Hall, his softest pianissimos and most subtle nuances can float to the back of the hall without being forced; and Sunday's most notable pleasures were all lyrical—three lovely Albeniz transcriptions, and Britten's recitative-laden *Nocturnal* (in which the final dissolve into Dowland's "Come, heavy sleep" neither removes memories of the beauty of Britten's own writing, nor sounds merely sentimental, a rare feat among such quotation-based pieces).

In some of the more purely virtuosic music, Bream sounded less wholly at ease, though the contrasting moods of Richard Rodney Bennett's *Impromptus* were crisply drawn—beside this and the Britten, Rawsthorne's *Elegy* sounded a pale, wan little sketch. With characteristic spontaneity, Bream altered his programme considerably (I suppose we were lucky to get one in the first place), and replaced a Paganini Sonata with a Giuliani Overture: trivia for trivia, probably, but at least the Giuliani was shorter. The cheers were loud and long.

* * *

Earlier in the day at the Wigmore Hall an Australian counter-tenor, Hartley Newnham, introduced himself in a wide range of music, from the troubador Marcabru to Monteverdi. His is a Deller-type voice, highly lyrical but a little self-consciously languorous; occasionally allusive in pitch, but at all times richly warm in timbre—certainly a distinctive sound among English male altos. He was joined by an excellent lutenist and theorbo player, Jonathan Rubin, and the violists Lucy Robinson and Sharyn Wicks: they contributed an infectiously jovial *Spingardo* by Dalza which (unless its spread is carefully controlled) will soon probably be taking us up-to-the-hour on Radio 4.

NICHOLAS KENYON

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Movement into surplus

LAST YEAR ended up, as expected, with the balance of payments on current account in moderate surplus. In the first half of 1977 there was a deficit of £819m., in the second half (bearing in mind that invisible earnings for the final quarter are still only estimated) a surplus of £878m. The greater part of this improvement was due to *the rapid increase in supplies of oil from the North Sea, but there was also a notable improvement in exports of manufactured goods, due—over* the year as a whole—more to higher volume of sales than to higher prices. The volume of manufactured exports rose, *in* fact, roughly twice as fast as that of world trade and the U.K. share of world trade moved up.

North Sea oil will be contributing towards a healthy trade balance on an even larger scale *during 1978* and *month-to-month* fluctuations in the figures can be *dismissed* more readily *than* in the period of heavy deficit. The fact that the current surplus dropped from £217m. in November to only £65m. in December, for example, may be disappointing, but it seems to have been caused largely by chance irregularities in the timing of crude oil imports. It is better to compare the fourth *quarter with the third and note* some of the changes which took place *towards the end of the* year and will affect 1978.

Terms of trade

The basic fact to emerge from this comparison is that the visible trade balance moved from a £44m. deficit to a £38m. surplus *between the two quarters*, despite a sizeable loss of earnings in the *latter from items* which move erratically—North Sea installations, precious stones, ships and aircraft, and so on. There were strikes in the eastern ports of the U.S. during October and November. *Although the end of these helps* to explain the sharp recovery *in the volume of both exports* and imports during December, it is not easy to tell whether the net effect of the strikes was favourable to our own trade balance or the reverse.

The continuing improvement in the visible trade balance is welcome. However, the reasons for it provide some possible grounds for concern about the future. The U.K. terms of trade, for example, were only slightly better over the year as a whole. But in the fourth quarter, thanks both to lower world prices for some raw materials and the rise in the sterling exchange rate, they improved sharply; this may make it difficult to continue increasing our share of world trade so fast. *Between the third and fourth* quarters, though there are *special factors* to be taken into account, there was a marked *drop in the volume of exports.* The volume of imports as a *whole was unchanged, but that* of finished manufactures continued to edge upwards.

Retail sales

Imports of raw materials and semi-manufactures have been *held down so far—December's* sharp rise in the latter was *freakish and can be ignored—* because of the stagnation of U.K. production. They can be expected to begin rising as this recovers. But imports of finished manufactures are already rising and the rise may accelerate with the further increase in capital investment *expected and the growth of* consumer spending.

This second factor is of key importance. The provisional estimate of retail sales for December shows an increase on the month of about 3 per cent. This was no doubt largely due to the pensioners' bonus and the *back-dated cut in income-tax*: but the upward revision of the *provisional figure for the previous* month and the increased demand for consumer credit had already suggested that consumer expenditure might be about to rise again. If it continues to rise throughout 1978, *as seems to be the Government's* hope and intention, one result *will almost certainly be* a further increase—and perhaps a sharp one—in the volume of manufactured imports.

Italy faces a new crisis

IT IS tempting to conclude, from the collapse of the minority Christian Democrat government led by Giulio Andreotti, that Italy is once more facing a crude choice between Communism and Christian Democracy. That *certainly* appears to be the conclusion *which has been drawn by the* U.S. State Department, since it has issued an equally crude warning (at the end of last week) against the dangers of Communist participation in Western European governments. Yet if there is one lesson which Italy should have taught the outside world, especially over the past 18 *months, it is that Italian politicians are singularly ingenious in evading crude choices.* That lesson may well hold good for a while longer yet.

Participation

It is certainly true that the Communist Party, which has helped *keep the Christian* Democrats in power since the elections of June, 1976, by oblique or tacit support, is now, for the first time, demanding full participation in government: and it is the rejection of this demand which has caused the fall of the Government. But there all certainty stops.

Sooner or later there may well have to be fresh general elections. But before that happens, an attempt will inevitably be made to devise some new formula for establishing a viable government on the basis of *existing* parliamentary representation. Such a government *could only be* led by the Christian Democrats, and the current *expectation is that it may well* be headed once again by Giulio *Andreotti. Consultations with* the leaders of the other political *parties could well take some* time. But while it is implausible *to suppose that the Christian* Democrats will now acquiesce *in Communist demands for full* participation, it is not implaus*ible to see t' e current crisis as* providing the incentive for a *re-negotiation of the policy pact* between the governing Chris*tian Democrats* and the opposition parties.

One interpretation of recent events is that the Communists, so far from *genuinely seeking* formal participation in government, really wish to dissociate themselves from the cabinet in circumstances of serious economic difficulty, but this view is probably excessively cynical. Undoubtedly, it must be difficult for them to gain any electoral credit from being the apparently *silent partners of a Government* which has made much more progress *in turning round the balance* of payments than in curbing inflation, and which can offer only moderate prospects of economic growth this year, and none of reduced unemployment. On the other hand, it is the unions which have emerged as the most vocal opposition to the Government's restrictive economic policies. The Communist Party *may well feel that it can* gain some electoral credit if *it uses the present crisis to* extract stronger Government pledges *to introduce* job creation and job preservation measures.

In any case, there is little reason to suppose that fresh elections would necessarily benefit the Communists. On the contrary, some indications suggest that, while a new ballot would accentuate the left-right polarisation in Italy, the Christian Democrats might well gain more than the Communists. For *some time the Communists have* been acutely aware that a nar*row electoral victory could pre*cipitate the kind of disturbances *that took place in Chile under* Allende, and it is for that reason that *they have been push*ing gradually towards the concept of a *compromesso storico*, which means in effect a partnership with the Christian Democrats.

Antagonism

They know that a minority Christian Democrat government cannot govern without negotiating some kind of deal with them; but they also know that an election campaign can only accentuate the antagonism between them and the Christian Democrats which they wish to avoid. It is hard to see, therefore, that new elections would *at this stage be in the interest of* the Communist Party.

In these *circumstances*, it is also difficult to see that the State Department's *crude warning* against Communism was particularly *apposite*, let *alone constructive*. The Italian political *system is peculiarly idiosyncratic*, and only the extreme right *wing in Italy can really welcome* this kind of outside interference.

Shades of trade union thinking on pay policy (left to right): Mr. Moss Evans of the TGWU, Mr. David Basnett of the Municipal workers and TUC chairman, Mr. Frank Chapple of the Electricians, and Mr. Tom Jackson of the Post Office workers. Mrs. Thatcher (right) has apparently bid to remove incomes controls.

Back to the drawing board with incomes policy

BY CHRISTIAN TYLER, Labour Editor

NO ONE *is sure how seriously to take the recent public musings of Mr.* Denis Healey and other right wingers in *the British Cabinet* about the advantages of a permanent policy or mechanism for determining wages. They are not, we are told, intended to be the start of a softening-up campaign to prepare the unions for Stage Four and beyond, although the Prime Minister vetted the most recent speeches before they were made. Nor, as *far as is known*, has there been any official discussion between *Ministers and the TUC about* the development of collective *bargaining, although the Prime* Minister may have touched on it in his *informal contacts with* TUC leaders.

Meanwhile Mrs. Thatcher has stolen the show by offering, apparently, to remove pay controls entirely if she wins the election. Of the various Government contributors to the theme, including Mr. Eric Varley, Mr. Denis Healey, Mr. William Rodgers and Mr. *Joel Barnett. Mr. Healey has* gone farthest, with his references to the central bargaining systems of other European countries. All these utterances have had in common criticism of "free collective bargaining"—*and a certain shyness about saying* what should take its place *and should look like.*

Even Mr. Albert Booth, the Employment Secretary, the unions' stoutest ally in the Cabinet, now prefers to talk about "responsible" rather than "free" collective bargaining, while from the other side of the fence Mr. David Basnett, *TUC chairman, has re-opened* debate about how public service unions could strengthen their hand against the Government paymaster.

These ministerial utterances show, first of all, that Mr. Callaghan's disciples are confident enough of the success *of the current model—free* collective bargaining provided no one *takes more than 10 per* cent.—to start thinking out aloud about future models. They show that it is no longer an offence to chase sacred cows provided, of course, you don't actually attack them; and Mr. Callaghan does not seem inclined to stop the sport.

Perhaps there is also an element of relief. The social contract is, *in many union leaders'* eyes, a dead duck. If that is so, *then Labour Ministers are* free to say things without TUC clearance. Mr. Callaghan himself has begun a regime of plain speaking with the TUC—his speeches to the annual Congress and to the Labour Party conference showed that—and he has often privately reminded them of his right to "retire to his farm" if the unions withdraw their support for his economic strategy.

Negotiating authority

Again, the motive could be to test union reaction to sugges*tions that from now on wage* bargaining has to be different. Would the *TUC*, for instance, be able to agree pay "norms" at the centre without robbing the unions of all their negotiating authority. Should the problem of equity as between public and private sector employees be *finally disposed by means of a* special body.

Free collective bargaining is a relative concept, as every union negotiator knows, and Governments always have a policy for their own employees' *incomes even when they do not* have an incomes policy (the *polite name for wage restraint*). Furthermore, not many negotiators can remember what free collective bargaining really feels like, so persistent has Government intervention been in the last 15 or 20 years.

What the unions are apparently being asked to consider is some kind of voluntary central agreement which would temper the subsequent bargaining process in the country. The purpose would presumably be to end once and for all the cycle of statutory, semi-*statutory or voluntary controls* over wage increases, and replace it with a permanent system that distributes the money available for wage increases in a socially "fair" way.

It is hard to distinguish the suggestions of the Labour Ministers from earlier ideas *put forward* by the Conservative Party and by the CBI. For *the Conservatives*, Mr. James Prior has talked about a *national forum* at which the TUC with other parties would be able to assess the previous year's economic record and make some projections for the following year. But now that Mrs. Margaret Thatcher has promised to end Government controls on employers and unions alike—she actually does talk about free collective bargaining—it remains to be seen how far the Conservatives *develop their ideas for central* pay guidelines.

The CBI, after its first annual conference, is overhauling its own, similar, proposals. As Sir John Methven, Director-General, made clear recently, the CBI's *problem is to invent a* mechanism that curbs workers' *expectations without becoming* an agent of a Corporate State laying down pay "norms."

For all the discussion, it happens to be a bad time for the Labour Government to try out such ideas on the TUC. At its *last meeting, the General* Council came within an ace of declaring war on the Government's present incomes limit. It was a quite unexpected split of 20-17 on a vote about the firemen which surprised Mr. *Len Murray*, general secretary, and those Whitehall officials *who were basking in the warmth* of the TUC's acquiescence. There was, *for once, a lot of* genuine anger (though one would not have guessed it from the official statement afterwards) and the Labour loyalists, what the Left call the Establishment, only just scraped *home.*

Now ready to fight

For the Government perhaps *the least comforting aspect of* that vote was that the rebellion was led by *Mr. Moss Evans*, shortly to become General Secretary of the Transport Workers, and included Mr. Frank Chapple, of the Electricians, formerly numbered among the Government's most consistent defenders but now, he says, ready to fight it on wages, whatever the TUC does.

"I think the Government is now guilty of reneging on a two-year deal with the TUC however good the reasons," he said. As a man who believes that incomes policies, even in Communist states, cannot defeat market forces, he says he would none the less be willing to talk about wages policies if the Government had not so clearly disregarded the TUC's commit*ment to a return to free collec*tive bargaining. Mr. Chapple's *immediate* aim is to secure for his electricity supply members who, he says, have made substantial productivity concessions, a return to a wage well above the average in industry. If the Government can allow productivity *payments for* miners, they will have to do the same for the *men in the power stations.* "I would not be prepared to accept anything less than what is being paid to the miners—and we would want other things as well."

As for longer-term policy, *Mr. Chapple says "I don't think* it is relevant, because of the atmosphere. I don't think that people who believe in political freedom would want to embrace the implications—because it would need the force of law."

Mr. Evans' rejection of any interference in the traditional bargaining process is quite unqualified, and that is an important factor in the political equation. At some point after he succeeds to the general secretaryship of the Transport Workers at the end of March, *Mr. Evans will inherit Mr. Jack* Jones' other job—that of steersman to the TUC. For the moment, the cap has passed to Mr. David Basnett, chairman of the TUC and general secretary of the General and *Municipal Workers' Union.* Mr. Basnett is regarded as one of *the leaders of the TUC* Establishment—the sort of union leader whom Labour Prime Ministers remember in their prayers. If Mr. Evans exploits the power that will be conferred on him as trustee of 2m. workers' *votes, we could begin* to see a TUC that, disillusioned *with the social contract, is much* less ready to play ball with this or any *Government.*

This is what Mr. Evans has to say about collective bargaining: "It is important that a group of workers in a capitalist society—I mean that in the sense that there is privately-owned industry—should have the right to benefit if they make a direct contribution. That is what collective bargaining is for. I call *it free*, because it means that the employers and the employees are able to bargain about the price of the only commodity the employee has to sell—and that is his labour. If you take that away, you take away some of his freedom.

"To suggest that we can make *a contribution in planning the* economy is a nonsense. We had an agreement in the sixties to hold to 5 per cent., but the cost of living went up by 17 per cent. No one in his right mind would go through that process again."

Fundamental issues

Union leaders, as well as the TUC officials now preparing the annual economic review and Budget demands, are sensitive to the fact that the social contract *has petered out into a wage* bargain, and that the Labour *Government's side of the bar*gain has been forgotten. The sterling crisis and the weak electoral position of the Government persuaded the TUC to accept an extension of the wages pact for a second year. Now Mr. *Callaghan's Government looks* much more secure; yet the TUC has made *little impression* on some of the big fundamental issues such as public expenditure, prices, unemployment, and reflation.

Mr. Len Murray himself, who has not worked as a union negotiator but who has a close appreciation of the economic and political realities, believes that even if the Prime Minister's private threats of resignation have less force than formerly, the TUC must not give the Conservatives any electoral ammunition. He, it appears, will continue to keep the TUC's public responses as restrained as possible. He is as aware now as he was last autumn that a point can come when the TUC *may* have to break with a Labour Government or risk losing the support of trade unionists. For him, that point has not been reached; for men like Mr. Ken Gill of TASS, the Engineers' white-collar section, it has probably been passed.

That pre-Christmas TUC vote was a tonic to the Left. But the *Left largely due* to the countervailing influence of Mr. Hugh Scanlon, president of the Engineers, has failed to shake the Labour loyalists, and it remains convinced that the TUC, in spite of its notional power under a Labour *administration*, is now weaker than for many years.

Some union leaders, like Mr. Tom Jackson of the Post Office workers, actively dislike free collective bargaining; others think the present 10 per cent. policy is fair; others—*even on* the Left—with craft differentials *to protect, would be happy to* secure the kind of arbitrated and guaranteed slot in the wage league that is being promised to the firemen and the police. Even *Mr. Joe Gormley and Mr.* Lawrence Daly of the Miners are *looking for longer-term pay* deals for their industry. Meanwhile Mr. Basnett has revived the concepts of indexation and greater union co-ordination in the public sector. But these individual objectives do *not add up to consent to* national, centralised, wage determination or guidelines of the kind implied by Mr. Healey.

Ministers believe they have the *public—and ordinary trade* union members—on their side *for incomes policy, certainly for* the 10 per cent. policy.

Mrs. Thatcher appears to believe the opposite—or to believe, at least, that her anti-*incomes policy* stand will help her election chances. The *TUC is in no mood* to swallow such talk from the Labour Government—but that does not mean it is not deeply suspicious of the Conservatives' intentions.

MEN AND MATTERS

High jinks Chez Houphouet

No visiting head of a Republican State could ever have had a more royal welcome than President Giscard d'Estaing during his five-day official visit to the Ivory Coast. France, it seems, can do no wrong in the eyes of Ivory Coast President, Felix Houphouet-Boigny, who has built up the prosperity of his *country, which now has one of* the highest per capita GNPs in *black Africa, thanks largely to* French aid and high cocoa and *coffee prices.*

As a mark of gratitude, the "visionary sage" of the Ivory Coast, as Giscard described him, ensured that the French Head of State would receive a welcome he would never forget. Huge, enthusiastic crowds lined the roads in Abidjan, the capital, but it was no easy matter to repeat the performance in Houphouet-Boigny's birthplace, Yamoussoukro. It normally has *a population of around 30,000* but thousands of bemused *Ivorians were brought in from* hundreds of miles around in *army lorries*, buses and vans to make the occasion memorable.

But Yamoussoukro itself was the real showpiece. Hacked out of virgin forest and savannah-type vegetation, what Houphouet-Boigny still insists on describing as a village, has become one of the wonders of Africa and a shrine to the "father" of the Ivory Coast.

Several boulevards, as wide as the Champs Elysees, stretch for miles to the horizon and most of them lead nowhere. They pass through a few neat housing estates, but what really *strikes the visitor is the two* great marble palaces with hun*dreds of acres of private grounds* and plantations, one of which is *Houphouet's private residence* and the other a "guest house" for visiting dignitaries. Completed only on the eve of the French President's visit, these jungle palaces, one of which looks out on an artificial lake full of crocodiles, are of truly Roman proportions, designed by the Paris-based Prix de Rome *architect Olivier Clement* Cacoub.

Originally intended as a model village, which would offer agricultural workers the creature comforts of a big town and thus stop the drift from the land, Yamoussoukro has become Houphouet-Boigny's personal *folly, an incongruous memorial* to his peasant origins—*chez-moi, Ivory Coast style.*

Hot space link

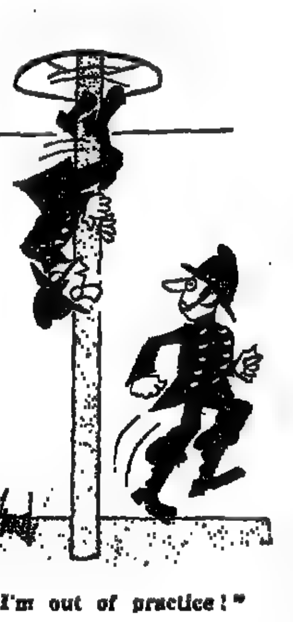
One of the most lasting reminders of the Cuban Missile crisis—the telegraphic "hot-line" set up in 1963 *between the* White House and the Kremlin—*has now gone extra-terrestrial.*

The old land-line was replaced *yesterday by a new satellite sys*tem which, in the words of the *State Department* "depends to a lesser degree on extensive terrestrial microwave or cable relays and eliminates dependence on third country facilities." In other words it is going to be impossible in future for a Finnish farmer to cut the hot-line with his plough, or for U.S. telephone workers to cut the wrong cable, or indeed for a manhole fire to set the alarm bells ringing—as happened to the old land link.

Although used infrequently for top level conversations the circuits are tested hourly—and what Russians and Americans say to each other on these occasions is almost as much a state secret as the great men's words themselves.

"We do not send political, religious or military messages" said one U.S. military aide But he added that the Russians liked to send over "sea scapes, landscapes or descriptions of animals." He admitted to having *learnt* much about bats and foxes and to having read several passages *from Dostoevsky.*

The Americans come back with chunks of Shakespeare, selections from novels like "Hawaii" and extracts from popular periodicals—but they are careful to omit anything with sexual connotations. Selections from sports magazines are apparently popular—but not sports scores. The golden rule is that messages must be unimportant—but not frivolous.



"I'm out of practice!"

Postman's knock

Our man on the Isle of Man *reports that Alderman Cyril* Simpson, who is the local postman and member of *Douglas* town council, is not satisfied with the cultural breadth and intelligence of local politicians and is starting a campaign to make all prospective members of the House of Keys, the Island parliament, undergo an intelligence test.

The idea was sparked off after the last monthly meeting of the House when, according to Simpson, many of the questions and answers "reached rock bottom for naivete." His sug*gestion is that those who failed* to pass the test should have *their names published in Manx* newspapers to prevent their *nomination.*

I could not help wondering whether Simpson's suggestion had it been made earlier would not have spared the U.K. Government the embarrassment it is currently undergoing at the *European Court of Human* Rights at Strasbourg. The U.K. *is responsible for the island's* international relations and as *such is having to defend the* island's policy of allowing birching *as a legitimate form of* judicial punishment. That's not very cerebral, after all.

In the family?

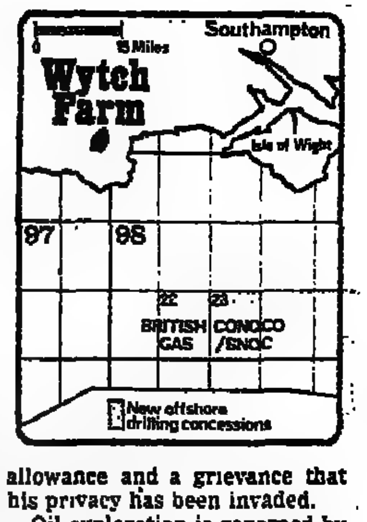
Inter-Arab abuse arising from President Sadat's peace initiative has taken a new turn with Tripoli Radio of Libya now describing him as "Cohen of Egypt"—suggesting that he is a descendent of Aaron, brother of Moses, and therefore of good rabbinical stock. It accuses Sadat of "paving the way for the crossing of the Canal to the s of the Nile after the Zionist settle millions of new settlers in Israel." Exodus in reverse or was it that he just got left behind? In Israel, meanwhile, it is popularly believed that Col Gaddafi's mother was a Berber Jewess from whom he derives *his good looks. So* what's the fighting about?

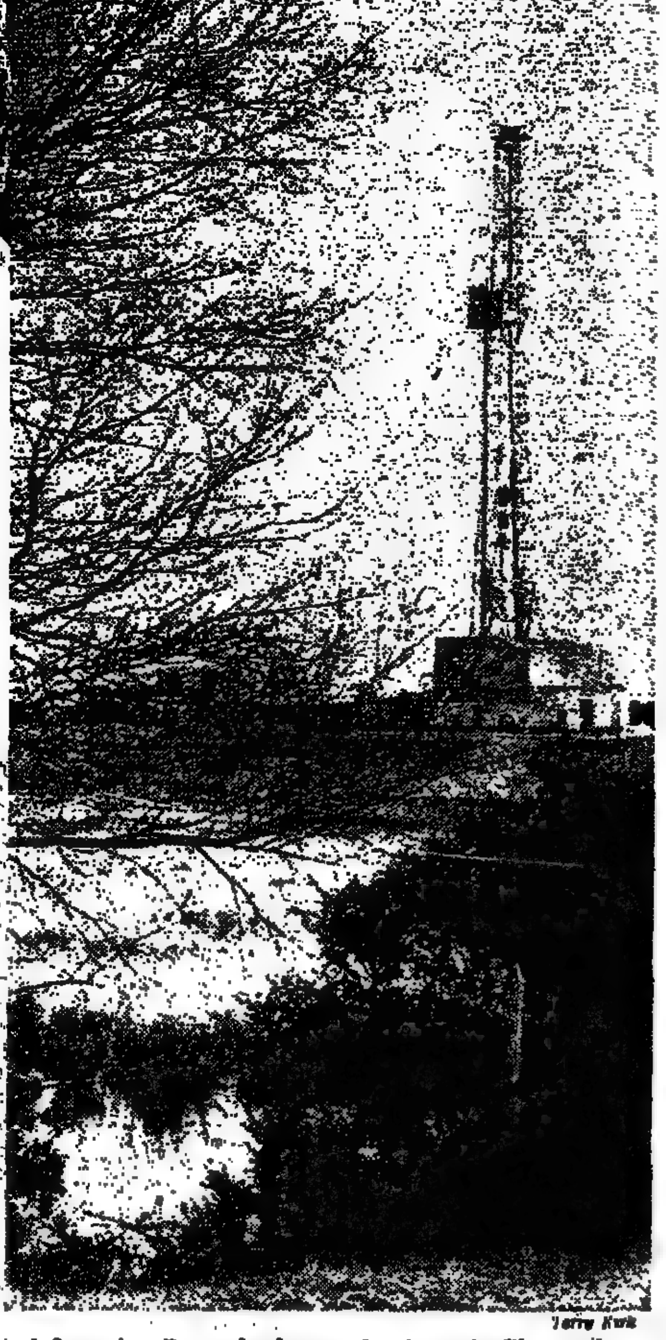
Observer

After the Wytch Farm discovery in Dorset . . .

Oil's mixed blessings

BY ANTHONY MORETON, Regional Affairs Editor





Terry Kirk

tark figure in a Dorset landscape: the rig on the Wytch Farm No. 4 well rises 140 feet over part of Poole harbour.

JUST AFTER news of the big oil strike by British Gas in Dorset filtered through at the start of this year, a woman phoned Mr. Alan Kenyon, the county's assistant planning officer, from her Bournemouth home and asked how she could start prospecting in her back garden. Some months earlier, Mr. Kenyon had received representations from Friends of the Earth, the environmental group, which was implacably against any prospecting on the Isle of Purbeck, which contains the Dorset find.

These diametrically opposed views are at the nub of an increasingly important issue—how much industrialisation should be allowed in areas of outstanding natural beauty. As the search for oil beneath our land is intensified it will affect other parts of the country, especially in Nottinghamshire and Lincolnshire. For now that oil has been found in large quantities beneath Dorset, it is almost certain to be found in commercially viable quantities elsewhere.

The prospectors—and there are a lot of them, including BP, Shell, Candecca Resources, Ball and Collins, and Attock Oil, as well as British Gas—want to extract it because development costs are infinitesimal compared with those in the North Sea. The Wytch Farm Field, in Dorset, will probably cost £10m. to develop, compared with as much as £500m. for a similar venture offshore.

But at some point, the old conflict arises in land-based developments between the need to produce economic resources on the one hand, and the protection of the environment on the other. Nor is the issue new to Dorset. The county, and particularly the Isle of Purbeck, is rich in deposits of Portland and other stones and is fairly extensively worked for ball clay—an important constituent in the china industry—by English China Clay.

Angry locals

This is the first time, however, that oil and the potential riches that accrue from it have turned up in a big way. The search for oil has been going on in Dorset for several years, stimulated by the North Sea discoveries. Berkeley Petroleum, an American concern, caused a great stir in the early 1970s when it prospected at Welcome Hill, near Bridport, in the west of the county. Angry locals were mollified only when the well was found to be dry and the company withdrew. British Petroleum also has a small output, about two lorry tankers a week, from wells at Kimmeridge, on the coast, and there is prospecting at Stoborough, outside Wareham, on Arne Point, facing Poole Harbour, and in other parts of the county. Wytch Farm is in a different category to all these because it is big—bigger than Hamilton Brothers' Argyll field in the North Sea and probably about the size of Shell-Esso's Auk field.

The exploration at Wytch Farm is being undertaken by Gas Council (Exploration), a wholly-owned subsidiary of British Gas and BP. Gas Council (Exploration)'s first Wytch Farm well, in December, 1973, confirmed oil present at between 3,000 ft and 3,500 ft. At this point, GCE applied to Dorset County Council for permission to drill three further step-out wells to determine the size of the field. These were undertaken early in 1975 and as a result of its findings GCE told Dorset that the field could produce approximately 4,000 barrels a day with an active life of between 15 and 20 years.

On the basis of these forecasts, the operator sought permission to build a gathering station where the oil, water and gas would be separated, lay a pipeline from the gathering station to the railhead six miles away across the heathland, and develop the existing railhead at Furzebrook—which caters for English China Clay's workings—to ship the oil out. It was envisaged that the railhead would handle eight trainloads of crude a week to BP's Llandarcy refinery at Swansea. Then, a week before Christmas, the partnership found much more oil at a deeper level. How much more and how much deeper is not known, partly because oil companies are traditionally loath to part with information before they have to, and partly because GCE has not finished evaluating the find.

The drills are thought to have gone down to about 7,000 feet by now, and they are still going down. The potential recoverable figure may have gone up to 10,000 barrels a day. What can be said is that the enlarged find could alter the whole basis of the relationship between Gas Council (Exploration) and the people of Dorset. The original submission was that the railhead should be able to shift up to 6,000 barrels a day. But the discovery of more oil on the site clearly could alter these projections and this is worrying some people. Will the operator want to enlarge its gathering station, or the size of the pipeline, or the rail terminal? No one knows, not even British Gas, which has yet to complete its sums.

So far, GCE has been awarded high marks for the handling of the discovery. Although in a few quarters there is opposition to prospecting for oil on principle, the corporation has, in its efforts to meet all potential criticism and to protect the environment, been cited as a model of how a large concern should tackle a problem.

It is not just the beauty of this part of Dorset that GCE has had to allow for. Wytch Farm is in an area designated as a site of special scientific interest. Miss Eve Dennis, the Nature Conservancy's assistant regional officer responsible for Dorset, points out that land in the county available for ecological uses is being seriously encroached upon. Some 600 acres a year on average have disappeared over the last 25 years. "Ten more acres for a railhead does not sound much, but it is another little bit towards keeping the average up.

"There are now only 15,000 acres of heathland left, compared with 25,000 in 1960. This is why we have been concerned not to lose any more of these special heathlands." The heathlands are special because the only other examples of them in the U.K. are in Hampshire and Surrey. The heath harbours a wide range of unusual flora and fauna: the marsh gentian; three different kinds of sundew, an insect-eating plant; the fir clubmoss. There is the sand lizard and the smooth snake, the Dartford warbler among birds and the insects are represented by the heath grasshopper and the bog bush cricket. In the long, hot summer of 1976 a fire destroyed two-thirds of the heath and did damage which will take up to ten years to restitute. The Nature Conservancy were therefore not happy either about losing more land or seeing the land disturbed to sink a pipeline from the gathering station to the railhead.

It was won over, however, by the way in which Gas Council (Exploration) proposed to protect the land. Where the pipes were to be laid it proposed lifting and storing the heath, cutting and storing the top soil and repeating the process with the sub-soil—then putting everything back in the correct order. In addition, the two bodies worked out a landscaping project which incorporated natural heathland plant species. Both parties were happy. GCE also went to great lengths to insure against any spillage flowing on to the heath or into Poole Harbour. It agreed to find a process to avoid flaming the surplus gas, which will now be fed into the grid.

Small rent

Others have been less enthusiastic. Mr. James Ryder runs the Rempstone estate, along with his twin brother Benjamin, on which the oil has been found. He gets very little out of the discovery apart from a small rent, a disturbance allowance and a grievance that his privacy has been invaded.

Oil exploration is governed by the Petroleum Production Act of 1934, which effectively nationalised all the petroleum in the ground (had the lady in Bournemouth known of this Act, she might have been less eager to ring up the county planning office). Unlike a similar coal Act in 1938, which put £66m. in a kitty to be shared among coal owners, the law gives nothing to people on whose land oil is found.

Wytch Farm, from which the field takes its name, is a farm run by a tenant of the Ryders, Mr. Walter Pitman. Only one well is on Wytch Farm land; the other three so far drilled are on the Ryders' land. Mr. Pitman is little short of livid at the inconvenience caused and at one meeting with the operator's men pulled out his chequebook and asked what was their price to go away.

Mr. Ryder is aware, though, that the wider economic implications of the discovery might transcend all these arguments—a conclusion that people like Miss Dennis and the Nature Conservancy have also reached. That they have been able to reach it has been largely due to the sympathetic approach of Gas Council (Exploration) to the important but often misunderstood and overlooked issue of protecting the environment.

So far, then, everyone at Wytch Farm field has come out of a potentially difficult situation with credit.

Letters to the Editor

...easuring trade ...hanges

...m Mr. B. Gould, MP

...ir,—Peter Riddell is right to ...phasise (January 10) the diffi...ies of measuring the compe...veness of British industry. ...re are indeed good reasons ... arguing that the indices ...ally relied upon by the Trea...y and reproduced in the table ...ch accompanied the article ...ously understate the loss of ...petitiveness we have suf...ed over recent years.

...s the Department of Trade ...nits, average values are now ...be preferred to unit values ...which most of the indices ...based) as a measure of export-led growth, such as Japan and Germany, unit labour costs in export industries fall faster than in industry generally, while the opposite is the case in countries like the United Kingdom whose share of world trade has declined substantially.

Although the index of competitiveness—based on export prices—is more reliable than most other indicators, since it concentrates on those goods being internationally traded, it too is defective because, as well as being based on unit values, it takes no account of goods which have been priced out of export markets or of the substantial tariff changes following EEC membership.

Perhaps the most reliable indicator of trends in competi-

	Terms of trade	Relative* † export prices	Import price* competitiveness	Relative export* profitability
	105.7	102.8	114.5	108.1
	97.6	94.3	102.5	106.1
	92.8	94.4	100.1	105.5
	102.1	97.2	107.7	104.8
	99.2	92.5	100.5	100.1
...qu.)				
	110.3‡	104.7§	111.9	103.6
...v.)				

...ing average values.

...mpared to U.S., Germany, Japan, France and Italy.

...timated, based on an extrapolation of the latest OECD figures and taking account of the rates of exchange at the close on January 6.

...timated.

...ort and export price ...nges. This is because unit ...es do not reflect the substan... change in the pattern of our ...e since 1970. Indices based ...verage values do give effect ...his change and show a much ... favourable position.

...lthough the movements of ...tive wholesale prices and of ...tive unit labour costs do of ...se tell us something about ...tive rates of inflation, they ... not a particularly good ...cator of international com...tiveness. This is because ...ort prices and costs can and ...move at different rates and ...etimes even in a different ...ction from those in manu...uring industry as a whole. ... countries which enjoy

tiveness is the index of terms of trade for manufactured goods, which has the additional advantage that the figures are almost immediately available. It is interesting that (as the table shows) this index confirms the trend revealed by other indices when they are calculated on the basis of average values.

It is clear from this table that the position is now worse, if not considerably worse, than it was in 1972 when the balance of trade in manufactures declined more rapidly than at any time in our history. The course on which the Bank of England is now set is likely to be even more disastrous.

Bryan Gould.
House of Commons, S.W.1.

...efining a ...ank

...n the Managing Director, ...l Alexander Associates.

...r,—Following recent cor...ondence and articles in your ...r, it seems important to take ...ittle further the matter of ... definition of a "bank" in ...y of the manner in which the ...d is very much a certificate ...espectability to the average ...ber of the public. Margaret ...admirably painted a part of ...picture in her December 21 ...ure "A Government clamp ...n on 'beyond the fringe' ...ks" but as she and others ...lose to the subject well know, ...e is a substantial area of ...ty beyond her detail.

...se of the word "bank" (and ...derivations) is restricted as ... as companies registered in ... country are concerned, to ...roved institutions. The ...eria of approval must ...iously include established ...station which implicitly ex...les over-rapid growth. But ... records for 1977 show that ...ign banks with varying ...rees of recognition, have ...ned 38 additional domestic ...nches in the U.K. during the ...r. Most of these are natural ...ansion by old established ...ks, but one or two represent ...wth rates that may be con...ered fast by any standards. ...re may be no cause for com...nt here—certainly not on any ...unds of the competition with ...estic banks; competition in this sector is generally accepted as being healthy. But where does it leave the depositor?

He sees the word "bank" on a frontage; he is unlikely to know that, because the organisation was formed outside the U.K., the word does not necessarily have the same significance that it has for those registered in this country.

Miss Reid's article mentioned some 40 companies with bank-type names that have been told to change those names. It is satisfactory to know that the authorities are already acting under sec. 31 of the Companies Act, 1976. But in the interests of all would it not also be sensible for foreign-based bank type businesses, large as well as small, to be treated on the same footing as U.K. institutions?

As Miss Reid suggested at the end of her article, "one must wonder how effective legislation, even along the lines of the White Paper, would be in dealing with all possible contingencies in this field." There will always be operators who find ways of defrauding the innocent and gullible, but this is no justification, as I am sure she will agree, for further delay in the reform envisaged in the White Paper; it may not close every loophole, but there must be few observers on the banking scene who are not convinced of the need for an Act along very much the same lines as the White Paper.

There has been plenty of time for discussion. We need action now and must hope that the Minister of State's recent promise of action—as soon as parliamentary time is available—does not mean the kind of procrastination that the phrase has so often meant in other contexts in the past.

N. A. de Berry.
70 Queen Victoria Street, E.C.4.

Tiny, ginger limeys

From Mr. J. Eedle.

Sir,—In "A Matter of Judgment" (January 10) Mr. Joe Rogaly refers to the insensitivity of the English in using slang expressions to denote racial differences.

In view of the English penchant for nicknames, denoting national or regional origin (Paddy, Geordie), physical characteristics (Ginger, Tiny), professional work (copper, clippie) and vehicles (green goddesses), it may well be that ignorance or innocence can also be the cause of our using imported words, apparently nicknames, which people from overseas consider insulting. We are ourselves used to being called limeys or poms by the Americans and Australians respectively.

The habits and capacities of the indigenous population must be considered when inter-racial harmony is under discussion. The generally straightforward native British can, like any other people, be provoked into bad temper or ostracism by constant nagging or incessant exhortation. The immigrants themselves do not nag or exhort us in this way, nor are they boring or humourless. It is for the race relations evangelists to ensure that their efforts do not lead to unhappy results and thereby add to whatever real problems exist.

J. M. Eedle.
35, Stilehall Gardens, W.4.

The road network

From the Chairman,
The Conservation Society.

Sir,—The conclusion that the Leitch Committee on Assessing Trunk Roads has reached, that there is no evidence to justify the claim that major highways contribute to regional economic policy, is vindication of an argument which the Conservation Society has long been putting in the teeth of counter-claims both by the British Roads Federation and by the official transport planners.

For too long local authorities have been cajoled into accepting highway schemes on the grounds that they are necessary for economic development. This has led to a massive waste of investment capital and human resources that could have been used for environmental purposes which would have had a much more profound effect on the wellbeing of the more depressed parts of the country.

Until the Government can provide solid evidence that increasing the road network above the present level is necessary for economic development of depressed regions we trust that this argument will no longer be put as a justification for such schemes.

Dr. L. S. Taitz.
16, Nethergreen Road,
Sheffield, Yorkshire.

Disclosure of information

From Mr. T. Lyttleton.

Sir,—The recent correspondence between Mr. Freegard, general manager of the Performing Right Society, and myself raises issues of corporate disclosure and democracy of wider public concern. In particular the PRS council's decision, after an 18-month constitutional review, to send the "final" details of the proposed new voting system only to "full and associate members"—a mere 44 per cent. of PRS members—only three days before they were implemented on November 24, highlights the need for Parliament to ensure that adequate information is made available by directors not merely to some, but to all members of companies.

Trevor Lyttleton.
33, Bryanston Square, W.1.

P.O. pension fund

From the Director-General,
Royal Institute of Public Administration.

Sir,—In his article "P.O. pension deficiency means higher cost to consumer" (January 10), Eric Short states that the actuary has valued the Post Office pension fund assuming that real incomes will rise at 2 per cent. per annum and that investments will produce a real return of 4 per cent. per annum. Earlier Lex had stated (January 7) that the Government Actuary, in a presumably similar valuation, had worked on the basis of a real return of only ½ per cent. per annum. As the deficiency on the Post Office fund had amounted to nearly £2bn. on the basis of their actuary's assumptions, I cannot help wondering what the deficiency would have been if the Government Actuary had undertaken the task.

This leads me to inquire if it is necessary in the present computer age, and indeed desirable, for actuaries to provide only one figure for a fund valuation. Would it not be possible for them to postulate both optimistic and pessimistic assumptions and to state the valuations resulting from each of them? This information could then be supplemented by a recommendation, based on their forecast of the future, of the actual figure which the sponsors of the fund concerned should adopt.

Such a procedure would, I submit, be appropriate to a process which involves making a wide range of fundamental assumptions in notably uncertain times.

Raymond Nottage.
Hamilton House,
Mabledon Place, W.C.1.

Exhibition charges

From the Director,
Association of Exhibition Organisers.

Sir,—I refer to the report by your Midlands Correspondent on January 13 and in particular to the paragraph where it is stated that "The National Exhibition Centre is currently notifying exhibitors of the proposed charges for the year to March 1980, and the fact there has been no outcry suggests its judgment of the market may be correct."

The fact is that NEC has proposed new charges, but on this occasion a straight comparison cannot be made between the proposed charges and the existing ones. A new element has been introduced into the "package deal" with exhibition organisers relating to the operation of car parks at the Centre. This association is particularly concerned on this score and is currently giving the matter close consideration.

Not until this issue has been resolved can a proper comparison be made between proposed and existing charges and it is therefore regrettably premature to assume that there will be no outcry at the end of the exercise.

G. A. M. Ritson.
10, Manchester Square, W.1.

To-day's Events

GENERAL

Israeli-Egypt political committee holds first meeting, Jerusalem.

Resumption in Belgrade of East-West follow-up conference to 1975 Helsinki summit.

EEC Foreign Ministers meet, Brussels.

EEC Fisheries Ministers' meeting continues, Brussels.

European Parliament in session, Luxembourg.

House of Lords returns from Christmas Recess.

Power engineers' pay talks resume.

High Court application by Shell and BP that action for damages against them by Lonrho and its Mozambique/Rhodesia pipeline subsidiary be stayed.

Professor O. R. McGregor, chairman, Royal Commission on the Press (who was made a Life Peer in the New Year Honours), addresses the Media Society on the closed shop, National Liberal Club, S.W.1.

London Chamber of Commerce Council meets, 69, Cannon Street, E.C.4, 2.30 p.m.

Test and County Cricket Board meeting at Lord's considers whether to appeal against High Court decision in "Kerry Packer" case.

Final day of International Slipper Fair, Winter Gardens, Blackpool.

PARLIAMENTARY BUSINESS

House of Commons: Scotland Bill, committee.

House of Lords: Refuse Disposal Bill, second reading. Local Government (Scotland) Bill, third reading. Theft Bill, second reading. State Immunity Bill, second reading.

Select Committees: Select Committee on Nationalised Industries meets and is expected to press the Government for more information on financial situation of British Steel Corporation. Expenditure, Defence and External Affairs sub-committee. Subject: CPRS (Think Tank) review of overseas representation. Witness: Sir Kenneth Berrill, CPRS (3.30 p.m., Room 16).

COMPANY RESULTS

Gestetner Holdings (full year). Trident Television (full year).

COMPANY MEETINGS

Bass Charrington, Grosvenor House, W., 12. Bridport Gundry, Bridport, Dorset, 11.55. Leeds and District Dyers, Leeds, 12.

OPERA

Royal Opera production of Die Fledermaus, Covent Garden, W.C.2, 7.30 p.m.

English National Opera perform Rigoletto, Coliseum Theatre, W.C.2, 7.30 p.m.

D'Oyly Carte Company in The Pirates of Penzance, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

COMPANY NEWS+COMMENT

Allied Colloids up £0.27m. in first half

ON TURNOVER of £11.27m. against £8.7m. industrial chemicals manufacturers Allied Colloids Group lifted pre-tax profits from £2.09m. to £2.36m. for the half year to October 1, 1977.

The directors state that since three-quarters of production is exported, profitability is being affected by the increasing strength in sterling. This, together with the depressed state of world trade, makes it very difficult to forecast the outcome for the full year. On current information they say that profits are likely to be in line with the record £5m. for 1976-77.

On capital increased by a two-for-one scrip issue the interim dividend is steped up from an adjusted 0.51666p to 0.577p net per 10p share—last year's final was an equivalent 1p.

Net profit emerged as £1.2m. (£0.99m.) after tax of £1.16m. (£1.1m.).

● comment

Trading conditions in the world's *markets for specialist chemicals* have become more difficult over the past six or seven months (although nowhere near as bad as those for bulk chemicals) and *Allied Colloids' share price slipped* 15p yesterday to 70p on a lower-than-expected first-half profit increase of 13 per cent. Pre-tax margins are three points lower than a year ago and six points down on last year's second half. The group—which supplies chemical additives to improve the efficiency of industrial and manufacturing processes—appears to have gone all out for volume increases in a tough market (with so many of the world's industries still in recession). Volume sales may be up as much as a quarter (turnover up 29 per cent.) with price increases during the period kept to a minimum. Pressure on margins, however, *may* be increasing as the effects of a stronger pound work through—with 75 per cent. of Colloids' sales generated overseas (and 30 per cent. *of this representing sales in* the U.S.). On unchanged profits the group is on a p/e of 12.1 while the shares yield 3.7 per cent. compared with Hickson and Welch—which announced only a 7 per cent. increase in second-half profits last Thursday (28 per cent. full year)—on a p/e of 4.7 and yielding 3 per cent., at 535p.

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Burton Group	18	7	Pitman	18	2
Gray Electronics	18	1	Reck. & Colman (A)	18	2
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Howard Shuttering slumps

BUILDING TRADE contractors Howard Shuttering (Holdings) reports a slump in taxable profits for the six months to October 31, 1977, from £204,311 to £114,012 on turnover of £1.73m., against £1.35m. Profit for the whole of the 1976-77 year was a record £442,915.

First half earnings are shown as 2p (3.4p) per 10p share and the interim dividend is increased to 0.85p (0.77p) net—last year's final was 0.78p. Mr. J. A. Howard, the chairman, has again waived his rights to the dividend.

	Six months 1977 £	1976 £
Turnover	[illegible]	1,347,922
Pre-tax profit	114,012	204,311
Tax	59,000	107,000
Net profit	55,012	97,311
Dividend	15,456	13,426
Retained	39,556	83,885

Pitman near £1m. halftime

Publishers, printers and college proprietors Pitman, a close company, lifted pre-tax profit from £894,000 to £997,000 for the six months to September 30, 1977 on turnover ahead from £11.39m. to £12.05m.

And the directors are confident that they will be able to maintain the advance shown on these figures for the remainder of the year. *Last year profit was* a record £1.22m.

The first half result is after interest of £302,000 (£318,000) *and subject to tax of* £365,000 (£387,000). The interim dividend has already been reported.

Small rise for Cray so far

A MARGINAL rise in taxable earnings from £209,700 to £213,000 was shown by Cray Electronics for the six months to October 31, 1977. Sales were up £0.43m. at £4.5m.

Tax took £111,000 (£109,000) and earnings per 10p share came out lower at 1.03p (1.49p) on capital increased by rights issue. The net interim dividend is raised to *0.51p (0.5p). Last time a final* of 0.82p was paid from depressed profit of £442,000.

BRITISH ASSETS

British Assets Trust announces that during the period from November 1, 1977 to December 15, 1977, holders of £4,495,735 3 per cent. Convertible Subordinated Loan Stock, 1973-98, intimated their wish to exercise their right on December 31, 1977, a conversion date, to convert their stock into 8,991,510 Ordinary shares of 25p each at the rate of £1 of stock for two Ordinary shares.

Reckitt & Colman Australia

Reckitt and Colman Australia reports group sales of $A137.4m. for the year to October 31, 1977, an increase of 18.3 per cent., and operating profit before tax of $A18.6m. ($15.9m.) after depreciation of $2.1m. ($1.9m.).

The company also announces a one-for-three scrip issue and a final dividend of 12.5 per cent. on the increased capital payable on February 24. An interim dividend of 12.5 (11) per cent. has already been paid.

Mr. Ian Harper, the chairman, expects 1978 to see a continuation of slow growth in economic activity in Australia, on the assumption that external demand for Australian products is unlikely to add significant impetus to the economy.

However, R and CA is strong in breadth of product portfolio, established product lines and new product development. Against this background, and with the knowledge that the year has begun satisfactorily the directors believe the company is well placed to meet the challenges which 1978 may present.

Reckitt and Colman owns [illegible] per cent. of the equity.

£0.91m. peak at Braid Group

PRE-TAX profit of commercial vehicle bodies manufacturers and vehicle distributors Braid Group finished the year to September 30, 1977, ahead from £613,253 to a record £906,376, after £401,382 against £235,262 at half-way. Turnover for the year was up by £5.1m. to £25.65m.

Earnings per 5p share are shown as 6.99p (4.08p) and the dividend is lifted to 1.37768p (1.23347p) with a 0.94511p net final.

There was an extraordinary surplus for the period on redemption of debenture stock of £8,713 (£7,696). Last time there was also a net profit on the sale of land and buildings of £11,538.

	1976-77 £	1975-76 £
Turnover	25,649,675	20,588,812
†Trading profit	906,376	650,992
Exceptional debit	—	37,739
Pre-tax profit	906,376	613,253
Tax	470,186	361,435
Net profit	436,190	251,818
Extraordinary credit	8,713	19,334
Making	433,163	277,432
Dividends	89,661	[illegible]
Retained	343,472	196,844

†After depreciation, bank and short-term interest, debenture interest, audit fees and expenses.

● comment

For the first time in four years Braid has reported profits without *deducting excess profits under the* 1973 Counter Inflation Act. Presumably the 40 per cent. jump in trading profits reflects the fact that Braid no longer needs to keep *such a low profile* as well as the general buoyancy of motor distributors as a whole. Vauxhall sales overall were impressive, with a 5.3 per cent. increase in registrations beating Ford's 4.8 per cent. gain. Braid reckons its own performance was better than the national average.

November's five-week strike at Vauxhall has hit sales in the current year and supplies are evidently still below normal. Car sales in the first half will be badly affected though Braid's other operations, car hire, leasing and servicing should keep the group moving forward. That the Bank of Scotland indirectly owns 29 per cent. of Braid's equity and has *recently taken a stake in Henly's* is unlikely to indicate any get-together on the part of the distributors. The bank takes such stakes to tie-up financing arrangements for leasing and HP and has held a stake in Braid, and had Board representation, for around four years. At 43½p the p/e of *6.1 looks very reasonable but the* yield is low at 4.9 per cent. covered five times.

Wellman ahead mid-term

THERMAL AND mechanical engineers, designers and manufacturers, Wellman Engineering Corporation reports taxable profits for the half year to September 30, 1977, ahead from £473,976 to £549,475 and the directors forecast that full year's *profits will* show an advance on the record £1.41m. for 1976-77 year.

At the AGM in September the *directors said that profits for the* first six months of the current year would be ahead of the first half of 1976-77.

Stated earnings per 25p share for the first half are 2.3p (2.05p) and the interim dividend is increased to 1.15p (1.045p) net—last year's final was 1.1p. The directors hope to recommend a maximum permitted final for the year.

The tax charge, up from £242,934 to £290,902, for the period comprises corporation tax £8,000; transfer to deferred tax £266,000; overseas tax £14,840, less double tax relief £12,405 and adjustment *for previous years £7,533.*

The loss of £22,615 (£34,055) of the associated company follows the normal pattern of deliveries in India, the directors add. Sales and profit of Wellman Incandescent India for the full year are expected to be comparable with the previous year.

During December, 1977, the group acquired certain assets and the business of British Furnaces, a subsidiary of Hanson Trust.

● comment

Considering the rough ride many capital plant manufacturers are experiencing halfway results from *Wellman Engineering* are encouraging. What helps is that the group is not over committed to the steel industry; and there has been fair demand from those companies buying replacement plant, or overhauling existing plant rather than embarking on new developments in capital programmes. *Meanwhile, the group's* valuable interest income from cash balances of near £3m., over a half of Wellman's stockmarket capitalisation, has fallen by a fifth to around £160,000. So the overall improvement in pre-tax profits is much better than the 16 per cent. might suggest. And any *significant benefit from recent* acquisitions, such as Serfco, still absorbing setting up costs, and British Furnaces, acquired in December, has yet to come. Overseas, the performance from the French subsidiary is flat. Moreover, exports are now accounting for over a tenth of *total sales of an estimated £7.5m.* compared with around a fifth a year ago. The second half should turn out as usual two thirds of the full year total. On that basis pre-tax profits of £1.65m. looks likely. At 49p the shares stand on a prospective p/e of 6.8 and yield 7.6 per cent.

Freddie Mansfield

Mr. George Duncan, chairman of Lloyds and Scottish, who reports that the group is in good shape and poised to take advantage of any opportunities that may arise.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Colloids ....int.	0.58	Apr. 3	0.52*	—	1.52*
Best and May ....int.	0.86	Mar. 6	0.77	—	2.73
Braid Group	0.93	Mar. 11	0.84	1.38	1.23
Cray Electronics ......int.	0.51†	Apr. 2	0.5	—	1.32
J. B. Eastwood ...2nd int.	2	Mar. 17	—	—	3.86
Everards Brewery	1.63	—	1.46	3.27	2.93
Great Northern Trust ...	2.72	Mar. 23	2.37	3.87	3.45
Howard Shuttering ...int.	0.85	Mar. 6	0.77	—	1.55
Meggitt Holdings	0.2	Apr. 4	0.18	0.4	0.35
RTD Group ....int.	Nil	—	0.65	—	[illegible]
Spencer Clark	1.43†	Apr. 3	1.26	2.39	2.14
Wellman Eng. ....int.	1.15	Mar. 10	1.05	—	2.15

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

116 companies wound up

Orders for the compulsory winding up of 116 companies have been made by Mr. Justice Slade in the High Court. They were:

Ballendar Properties, Barker and Clarke (Builders), Cairngrange, Alberfield Investments, Butley Investment Company, Chas. H. Bedrich and Co., East Twickenham Nursing Home, Evason Electrical.

Gilt Edge Properties, Gordon Flemyng Productions, John O'Connor and Sons Contractors, John Slaytor and Co., Lady Margaret Nursing Home, Macmag Investments, Onray Properties.

Scammell Holdings, East Midlands Messengers, Kelstrin, Beachline (Painting), Caterclean (North West), Deveney Damp-Proofing, Hainshire, Kentamonia Builders.

Meccarose, Minderhouse, P.T. Cartwright (Building) Investments, Rayband Caterers, Taxi and Self Drive Hire Co., Vaughan-East Investments, Delfdene, Inswim.

Shernfold Precision Compaktors, Handlock, B. and W. Langford Developments (West Sussex), Class Estates (St. Leonards), Jano Investments, Transflow (Grays), Corner Wine Merchants, Parsell Minni-Die, Spurglow.

Crestmaster, North Devon Railway Co., Great Lakes and European International Corporation, Fiveville and Gardiner, Pagebar Properties, George Goodyear, Trentfenn, The Gee Box Co., *Sol-Doon Records.*

Continental Garage (London), Chanyf, Cadil Co., Gardiner's Corner Property Co., Nashville Properties, Churchgrove, Michael Rouse, Everett Masson and Furby (London), Joglen.

Lander, John R. Lacklison (Contractors), Aro Company, Apex Medical Co., Robert Fuest, Biavale Builders, Gibsobilt Property Maintenance Co. (London), D. L. Jeffrey Chemicals, Lehman Wine Importers.

Bulwell Plumbers and Building Merchants, Buyport, John A. Rae, Probert Haulage (Pontllanfraith), J. and P. Contractors (Kent), Daytell Storage and Distribution Network, Beaverdale Investment Co., Priestley and Moore (U.K.) Sales, Paramount Builders (Clapham).

Daniels Bettany, Fenland Refrigeration Co. (Wisbech), Osbaldeston Taxicabs (London), Fanco, Rayford Estates, Stevenson, Jordan and Harrison, Epsom *Plant Hire, Calf Rearing International,* Marlmain Heating.

Business and Technical Systems, Tandy and Pearce, Carbarine, Jammar Catering, Amrat Brothers and Co., Northern Provincial *Investment Trust, Excel Screen* Process Supplies, C. E. Dormer, Brydes, Stradville.

Polefield Entertainments, Albero Parts, Avoswell Catering, Washwood Heath Plant, Vinyl Decorations, Frenville, Preville Furniture Co., Chapel Land, Chapel Land Co. (London), Chapel Land Investments.

Sauncroft, Schloss Koenigsberg, West View Plant Hire, Camden Management Services, F. W. Bird, Charlbury Grove Investments, Euroscrap, United Toiletries, Stonequest, Bain and Hodge and J. V. Morand Engineering.

JARDINE MATHESON

Jardine Matheson Group, the Far East trading and financial group, has reorganised its insurance broking interests in the U.K.

A new operating company, Jardine Matheson Insurance Brokers, has been established as the principal trading company, based in London. It will head five operating companies which will each be responsible for development, marketing and general administration in specific insurance broking areas. A new headquarters is to be situated in the City of London, while administration will continue in Chelmsford, Essex.

OTHER INTEREST IN HARCROS

Harrisons and Crosfield's bid for Harcros Investment Trust, in which it already has a 30.4 per cent. stake, may be stymied by the intervention of a group of associates which has been buying through the market.

Purchases by James Capel and Dunkley Marshall last Friday have taken the combined interest of Rothschild Investment Trust, Hume Holdings and McLeod Russel up to 11.9 per cent. of the Harcros equity. The purchases on Friday were made at an average price of 84p, as against the 82p which Harrisons and Crosfield is offering. The associates are now reviewing their position.

LOWLAND DRAPERY

Lowland Drapery Holdings, through a subsidiary, has reached agreement to acquire H. J. Coutts, a Glasgow-based gowns and mantles wholesaler, for £50,000 cash.

Gt. Northern Investment expands

Gross revenue of Great Northern Investment Trust advanced from £2.98m. to £3.42m. for the year to November 30, 1977, and net revenue rose from £1.77m. to £1.97m. after tax of £1.16m. compared with £1.06m.

Earnings are shown to be up from 3.332p to 3.954p per 25p share and the dividend total is raised from 3.45p to 3.87p net with a final payment of 2.72p. The retained balance is ahead from £40,349 to £41,299.

The net asset value is given as 132p (96p) per ordinary share.

Burton sales start to pick up

MR. LADISLAS RICE, chairman of Burton Group, re-iterates in his statement with accounts that a modest profit will be achieved in the first half of the latest year if the current sales trend continues.

For the first 17 weeks to August 27, 1978 sales have been 7 per cent. above the corresponding *period last year.* If businesses which have been sold or closed are excluded, sales have risen 11 per cent.

When announcing in December the £5.1m. pre-tax loss for last year Mr. Rice gave the cumulative sales increase for the first 14 weeks at only 3 per cent.

Burton's accounts show that a former director received £60,000 in compensation during the year. The director in question, Mr. J. F. Power, was chief executive of the menswear division from *July 1974* until March last year, and left the group in August to become the new chief executive of the menswear company Chester Barrie. In addition to the £60,000 in compensation which he received for loss of office, Mr. Power has had £23,000 paid into the group's pension fund to improve his future benefits.

Pre-tax losses for the past two years now stand at £7.5m., but attributable losses including extraordinary losses total £17.1m.

Accounts show that at the balance date there was £2.64m. current deficit compared with a £7.68m. surplus last time, stemming mainly *from the increase in* creditors from £20.6m. to £26.07m., a £2.2m. rise in bank loans to £7.49m. and a reduction in stocks from £27.2m. to £21.42m., and debtors from £24.2m. to £20.1m., offset by a sharp drop in overdrafts from £16.49m. to £9.98m.

In order to improve the pension *benefits* for certain employees covered by the group pension schemes the group has also undertaken to make additional annual payments to the Trustees of £264,000 for a maximum of [illegible] years (£154,000 for 15 years [illegible] 1978).

It is also making up a [illegible] *deficiency on one of the funds* which arose at the March 31, 19[illegible] revaluation.

Apart from four holdings [illegible] the names of two directors [illegible] another, only CSF Nominees [illegible] 235,000 shares holds more than [illegible] per cent. of Burton Group capital.

Meeting, Leeds, February 8, noon.

See Lex

Advance by Everards Brewery

BREWERS, malsters, bottlers, [illegible] drinks manufacturers and [illegible] proprietors, Everards Brewery, [illegible] close company, reports profits [illegible] from £325,000 to £394,000 for [illegible] 52 weeks to September 24, 19[illegible] after tax of £473,000 [illegible] £399,000 but including profits [illegible] £10,000 (£49,000) on property disposals.

Turnover expanded [illegible] £8.43m. to £9.87m. Earnings are shown to be ahead from 15.[illegible] to 18.84p per £1 share and [illegible] dividend total is lifted from 2.926p to 3.265p net with a [illegible] of 1.634p.

Policy at Arthur Guinness

IN HIS ANNUAL statement Lord Iveagh, the chairman of Arthur *Guinness Son and Company, says* that the group plans to continue investment in all its markets with the resources it can prudently make available to achieve worthwhile increases in profits.

Since 1960 the group has been investing in brewing overseas and also in some activities outside *brewing to give greater strength* from a broader base. Lord Iveagh says that the group's fortunes in 1976-77 illustrate the wisdom of this policy and the directors *intend to continue* to follow this road in the coming years.

If governments recognise the desirability of profits growth, the directors are sure they can show that the somewhat disappointing result for 1976-77 is but a pause before further investments can mature profitably. The chairman says that while steady growth is the ideal, the facts of competitive business *mean that* progress cannot be steady, though a spread of business activities should avoid major fluctuations.

As reported on December 15, pre-tax profits for the year to September 24, 1977 were just ahead from £39.31m. to £39.45m. on sales of £498.85m. (£413.88m.).

At the trading level brewing profits fell from £31.26m. to £29.17m. but the fall was more than made up by an increase in *non-brewing profits* to give a total of £38.98m. (£36.16m.).

Deferred tax has been provided on the basis used in recent years, but the directors will consider discontinuing this provision as soon as a definitive statement of standard accounting practice has been published. If the principles contained *in the proposed statement* of standard accounting practice had been adopted for 1976-1977, the approximate effect on the accounts would have been to reduce the tax charge from £18.3m. (£18.2m.) to £13.3m. (£15.5m.) after taking account of ACT of £1.2m. (£0.7m.) not immediately *recoverable*; to increase the profit before extraordinary items from £18.3m. (£19.9m.) to £23.1m. (£21.6m.) (equivalent to 26.9p (25.4p) per 25p stock unit *after adjusting for minority interests*; and to increase the stockholders' funds at September 1977 by £29m. to £104m.

Increase by Meggitt to £190,866

Turnover for the year to [illegible] October 1977 at machine [illegible] manufacturers Meggitt Holdings was £1m. higher at £4.58m. and pre-tax profits show an advance from £135,592 to £190,866.

Mr. J. D. Tyler, the chairman, reports that increased sales and profits coupled with a healthy order book underline a steady growth situation. Disappointing results from one company in [illegible] manufacturing division [illegible] spoilt what otherwise would have been a very good year, he tells members.

After tax of £103,928 (£77[illegible]) the attributable balance is ahead from £77,691 to £86,938 and [illegible] earnings stand at 2.03p (1[illegible]) per 5p share. The final dividend is 0.2p net for a 0.[illegible] (0.353925p) total costing £1[illegible] (£13,183).

RESULTS IN BRIEF

STAVERT ZIGOMALA AND CO. [illegible]INGS (furniture wholesalers and [illegible]ment company)—Group trading [illegible] £2,431 (£2,902) for six months [illegible] September 30, 1977. Pre-tax £13,639 (£13,258) including franked [illegible] £10,698 (£9,036) and unfranked, less interest paid, £490 (£298). Tax (£4,834). Board anticipates that [illegible] investment income will be reflected [illegible] a corresponding increase in group's dividend.

OWEN AND ROBINSON (jewellers, silversmiths)—Turnover £472,289 (£4[illegible]) for half year to November 30, 1977 [illegible] £11,498 (£19,380) before tax £4,530 (£[illegible]) Interim dividend 8p net (same).

MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 6½ per cent. (since January 6, 1978)

Day-to-day credit was in slightly short supply in the London money market yesterday, and the authorities gave a small amount of assistance by buying Treasury bills from the discount houses.

Government disbursements exceeded revenue payments to the Exchequer and the market was also helped by a slight fall in the note circulation. On the other hand there was a slight net take-up of Treasury bills, the monthly adjustment of special deposits, and repayment of the small amount lent to the market on Friday.

Discount houses paid 6-6¼ per cent. for secured call loans in the early part, and closing balances were taken at 5½-6 per cent.

In the interbank market overnight loans opened at 6½-6¾ per cent., and eased to 5-5½ per cent. before rising to 6-6½ per cent. but then falling to 4 per cent. and closing at around 5 per cent.

Discount houses buying rates for three-month Treasury bills eased slightly to 5 23/32-5 11/16 per cent. but still remain slightly above the trigger point for a further cut in Bank of England Minimum Lending Rate.

Rates in the table below are nominal in some cases.

Jan. 13 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	4-6½	—	—	—	6½-6¾	5½-6½	—	—	—
2 days notice	—	—	6¼-6⅜	—	—	6¾-6⅞	—	—	—	—
7 days or 7 days notice	—	6⅜-6½	6⅜	—	6⅝-6¾	—	6¼-6⅜	—	—	—
One month	6 1/16-6¼	6 3/16-6 5/16	6⅜	7¼-6⅝	6½-6⅝	6⅞	6⅛	5¾	6 1/16	6⅝
Two months	6⅜-6⅛	6¼-6⅜	—	6½-6¼	6⅜-6⅝	—	6	5 23/32-5 11/16	6⅛	6
Three months	6⅛-6 5/16	6⅛-6¼	6⅛-6¼	6¾-6⅛	6¼-6½	6⅜	5⅞	—	6 1/32-5 31/32	6
Six months	6 3/16-6 5/16	6 3/16-6⅜	6¼-6⅜	6¾-5⅞	6½-6¾	—	—	—	5 31/32-6	6
Nine months	6 11/32-6½	6 5/16-6 7/16	—	7-6½	7	—	—	—	—	—
One year	6 7/16-6¼	6¾-7 1/16	6⅝-6⅞	7-6½	7¼	—	—	—	—	—
Two years	—	—	7¾-8	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 8½-9 per cent.; four years 9½-10 per cent.; five years 10½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 5 31/32-6 per cent.; four-month trade bills 6¾ per cent.

Approximate selling rate for one-month Treasury bills 5 11/16 per cent.; two-month 5⅝ per cent.; and three-month 5⅝ per cent. Approximate selling rate for one-month bank bills 6 5/16 per cent.; two-month 6-6 1/32 per cent.; and three-month 5 31/32-5 29/32 per cent. One-month trade bills 6¾-6⅝ per cent.; two-month 6⅝ per cent.; and also three-month 6⅝ per cent.

Finance House Base Rates (published by the Finance Houses Association) 6½ per cent. from January 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 3 per cent. Clearing Bank Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.8188 per cent.

Meat trading side hits Eastwood in first half

FORECAST in last year's ...ual statement, first half (to ... September 1977) pre-tax ...fits of J. B. Eastwood at ...1m. failed to meet the £4.48m. ...he same period of 1976. Sales ...e to £77.8m. compared with ...35m.

...roportionately, the greater ... of the shortfall in profits ...urred in the meat trading com...y, Eastwood Thompson, where ...emely difficult market condi...s led to a reduction in both ...over and margins, although ... directors consider the per...mance to be satisfactory under ... circumstances.

...firm indication of profit...ity for the year cannot be ...n, they say, owing to the un...ainty regarding egg prices. ...ever, feedstuffs and poultry ...t prices can now be forecast ... some accuracy, as can meat ...ing margins.

...conservative estimate in re...d to egg prices would result ...overall profits for the second ... of the year being similar to ... first half, whereas if current ...gins are maintained they ex... profits for the year to ...roach last year's record ...5m.

...rst half pre-tax profits were ...ck after interest and manage...t expenses of £1.19m. (£1.1m.). ...h tax taking £342,000 ...3,000). Earnings per 5p share ... given as 11.15p (18.08p). The ...rim dividend of 1.89p net ... in December is now followed ...a second interim of 2p. For ...-77 an interim of 1.265p was ...owed by a final of 2.595p.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's time-table.

TO-DAY

Interims: Amber Day, Courts (Furnishers) Property Security Investment Trust.

Finals: Bank Leumi (U.K.), T. Cowie, Gestetner, Trident Television.

FUTURE DATES

Interims:—

Benn Bros.	Feb. 9
Black (Peter)	Jan. 24
British Electric Traction	Jan. 19
Fisher (Albert)	Jan. 23
Vita-Tex	Jan. 20

Finals:—

Anglia TV	Jan. 18
Gough Cooper	Jan. 20
Ladies Pride Outerwear	Feb. 10
Mears Bros.	Jan. 25
Smallshaw (R.) (Knitwear)	Jan. 26
Status Discount	Feb. 7

Sears spends £2m. in Oxford St.

...ears Holdings has purchased, ...ugh its subsidiary British ...e Corporation, four under...es of shop, showroom and ...e premises together with a ...d lease of the whole for 2,000 ...rs, for some £2m. These adjoin ... shop Sears already leases on ... corner of Oxford Street and ...d Street where it trades as ...ciels" which is worth some ...

...he total investment is stated to be now worth some £7m., showing a profit of some £2m.

Sears also owns the Selfridges store in Oxford Street.

Akroyd to trade in Kaffirs

London stockjobbers Akroyd and Smithers is to begin trading in South African gold mining shares early in April. At present only one big jobber, Smith Bros., deals in these shares.

The possibility of Akroyd's move was recorded in the recent annual statement by the chairman, Mr. David LeRoy-Lewis. It has been prompted by hopes of increasing business in South African gold shares (Kaffirs) in London following the Government's recent abolition of the 25 per cent. surrender requirement.

A spokesman for Akroyd said last night: "We hope that the withdrawal of the 25 per cent. surrender rule will create more domestic interest in Kaffir shares and that more of the market in them will return to London."

Akroyd will begin dealing in April in the shares of some 15 of the leading gold producers, including Buffelsfontein, East Driefontein, Free State Geduld, Vaal Reefs, President Brand, President Steyn, West Driefontein, Western Deep and Western Holdings. Dealings may be extended later to other stocks.

Stocken and Lazarus, which was taken over by Akroyd rather more than a year ago, previously dealt in South African gold mining shares but had given this up some months previously, in mid-1976.

Melody Mills falls at midway

REFLECTING adverse trading conditions in the first three months taxable profit at wallpaper manufacturers Melody Mills slipped from £251,000 to £172,000 for the half-year to September 30, 1977. Sales were better at £3.31m. against £2.77m.

However, the directors say that profit for the full-year should exceed the £514,089 reported for 1976/77.

Stated earnings per 25p share for the six months were 4.8p (6.9p). After tax of £89,000 (£131,000) the net balance came out at £83,000 (£120,000).

Spencer Clark slight downturn at £303,739

Despite a second half increase from £128,685 to £181,739 taxable profit of Spencer Clark Metal Industries for the year to September 30, 1977, fell slightly to £303,739 against £312,685.

Commenting on the rise in sales turnover, up from £4.1m. to £4.71m., the directors say that it "appears to have stabilised at this higher level." They add that certain areas of the business continue to show encouraging prospects.

A final dividend of 1.43p net per 20p share, as forecast, compared with 1.26p, lifts the total to 2.39p (2.14p).

Tax took £170,007 (£167,575) leaving a net profit down from £145,110 to £133,732.

Wellcome's near £5m. lift

PRE-TAX PROFITS of drug group Wellcome Foundation were up from £41.41m. to £46.36m. on turnover ahead by 18 per cent. to £341.8m. for the year ended August 27, 1977.

Mr. A. J. Shepperd, the chairman, says in his annual statement that all regions of the group contributed to the sales increase, more than 85 per cent. of which was concluded outside the U.K. The improvement in trading, he says, does not stem from movements in exchange rates, the effect of which in this respect was negligible.

"We are optimistic about the future but a beneficial one will come only by sustained application at all levels in all the various functions of the group. Anything less will not attract continuing growth," he adds.

Exports rose by over 44 per cent. to £73m. for the year and have come about, the chairman says, from efforts made to find new outlets for group products.

Capital investment amounted to £21m. during the year, of which £10m. was in the U.K. The new tabletting building at the company's production site at Dartford was completed at a cost of over £5m. It embodies the latest technology and has the ability to produce more than 2,000m. tablets a year.

In December, 1976, the group's new foot and mouth disease vaccine plant in Brazil was inaugurated, and construction was also finished of a new central analytical laboratory at Dartford. The head office of the Australian companies moved into newly built premises and currently under construction is a veterinary entomology laboratory at Berkhamsted and a physical chemistry laboratory at Beckenham, the chairman states.

The results of the U.K. operation demonstrate that the policy of rationalisation and keener attitudes to marketing is placing this business on a sounder footing, the chairman states.

In the U.S., the group's largest subsidiary also maintained its market position, insofar as it is the third largest company in the U.S. in terms of the number of prescriptions written. The group's company there occupies a very significant place in the market, he adds.

Activities in a number of other countries continued to do well and the directors believe that there will be developing markets in South East Asia. These territories will be receiving particular attention, Mr. Shepperd says.

Mr. Shepperd says that research and development functions of the group required an expenditure of £29m. and he explains that this is rising not merely because of the inflationary pressures common to all costs, but because of the growing pressures from regulatory authorities.

The proceeds of a privately-placed loan of $US21.5m., arranged during the year, are generally available for deployment within the group. Net assets have now risen to £151m. and total capital employed to £215m.

All shares are owned by the Wellcome Trustees who apply all distributions to the support of medical and allied research throughout the world.

A former director received £29,000 payment in connection with his retirement.

	1976-77 £000	1975-76 £000
Sales	341,762	290,238
Pre-tax profit	46,363	41,412
Tax	24,461	21,604
Net profit	21,902	19,804
Minorities	264	281
Extraord. credit	—	†340
Attributable	21,638	19,867
To trust	4,892	3,158
Dividend	720	547
Retained	16,026	16,158
Brought forward	104,048	76,141
Exchange profit*	984	8,632
Stock val. increase	—	3,113
Cap. for share issue	20,000	—
Reserves	101,058	104,048

†Surplus on sale of freehold premises. *On translation of fixed assets.

Forward Trust profits advance by 42%

FORWARD TRUST, the instalment credit subsidiary of Midland Bank, reports pre-tax profit increased by 42 per cent. from just under £10m. to £14.23m. for the year ended October 31, 1977.

Mr. John Cave, the chairman, reports that the increase stemmed from greater turnover, a lower level of bad debts and improved efficiency.

Commenting on the results, Mr. Cave says that the turnover figures of about £247m. for new instalment finance were 45 per cent. higher than in the previous year, reflecting the company's growing share of an enlarged market.

The chairman argues that the results were satisfactory in a year when government controls on hire-purchase terms for consumer finance continued unchanged and when for most of the period, the Bank of England controls on expansion under the so-called "corset" were in force.

He notes that about two-thirds of the group's turnover was with industrial and commercial concerns, commenting that this was "consistent with official emphasis upon assistance to the corporate sector and industrial investment!"

Mr. Cave adds that the company is actively pursuing the programme under which it is assessing, together with other members of the Midland group, the prospects for extending its interests internationally. These are expected to be concerned particularly with the company's leasing business, probably in association with other interests in Europe and elsewhere.

On the past year's operations, Mr. Cave says that the levels of default on borrowings are now at their lowest levels ever. "The good quality of our lending, as measured by the accounts in arrears, has been well maintained and this we attribute in part to the business selection techniques we have adopted over the last two to three years."

He also draws attention to the progress made by the company's joint operations, including its association with Fiat. Since the end of the year a joint credit company has been formed with J. Hepworth, the multiple tailors, to provide credit facilities for the purchase of menswear in Hepworth's chain of 350 shops.

Kelsey sells more on Continent

Of total manufacturing sales of £18.25m., against £8.81m., achieved by Kelsey Industries during 1976-1977 the percentage going to Continental Europe expanded from 28 to 32 per cent. Total U.K. exports and overseas sales now account for more than half the group's turnover, Mr. John Moss, the chairman, tells members.

The percentage of manufacturing sales in the home market was down from 51 to 49 per cent., in North and South America the figure was maintained at nine per cent., but for other areas it declined from 12 to ten per cent.

In addition to overseas visits by directors and executives, participation in many trade exhibitions throughout the world is beginning to bear fruit, he says.

For the year to September 30, 1977, group taxable profit advanced to £1.99m. (£1.65m.) on sales of £16.86m. (£12.15m.)—as reported on December 7. The net total dividend is raised to a maximum permitted 3.23475p (2.89625p).

At year end working capital was up £793,292 (£1,538,760) and there was a bank overdraft of £357,020 (nil). Capital expenditure commitments amounted to £200,000 (£72,800) and a further £185,500 (£283,100) had been authorised but not contracted.

A new warehouse on a site adjoining the existing factories and offices at Wood Lane End, Hemel Hempstead, has been occupied and is proving its worth, particularly as a finished goods store for export shipments, Mr. Moss says.

Meeting, Hemel Hempstead, on February 7 at 11 a.m.

APPROACH TO R. & A. G. CROSSLAND

The share price of R. and A. G. Crossland, the manufacturer of commercial light fittings, metal pressings and assemblies, moved ahead by 9½p yesterday to 36½p following the news that the group had received an approach, "which may or may not lead to an offer being made." Shareholders are told that a further announcement will be made as soon as possible.

The last report and accounts for Crossland, which is valued in the market after the latest rise at £2.2m., showed that the largest single outside holder was Astra Industrial Group with 26.64 per cent. of the equity. Minden Investment Trust, controlled by S. Pearson and Son, held 7.5 per cent. at the end of 1976.

Crossland reported a slight increase in pre-tax profits for the first half of 1977 at £264,000.

LENNON BROS.

The offers by Palmer and Harvey for Lennon Bros. have been declared unconditional and remain open.

Acceptances have been received in respect of 1,475,675 Ordinary (96.91 per cent.) and 113,163 Preference shares (76.83 per cent.) for which the offer was made). The balance of the Ordinary will be acquired compulsorily, and the balance of Preference will be acquired compulsorily if sufficient acceptances are received.

Encouraging signs for Lloyds & Scottish

THE SIGNIFICANT reduction in the cost of money and the demand for instalment credit facilities are encouraging signs for the future outlook of the Lloyds and Scottish finance house group, Mr. George Duncan, the chairman, says in his annual statement.

He adds, however, that there is considerable uncertainty about major factors influencing the economic environment as a whole. In particular, until the degree of success achieved in containing wage increases within the pay guidelines is clear, "it is not sensible to make predictions about the group's trading prospects in the current year."

At the company's anual general meeting, shareholders will be asked to approve an increase of £8m. in the authorised capital. The chairman says that the increase, to £28m., is not required to achieve any immediate policy objectives but will "provide a desirable degree of flexibility in the future."

The group profits before tax rose by £2.9m. to £17.4m. in the year to end-September. The most significant change in the balance sheet, the chairman says, was an increase of £70m. in the instalment debtors, reflecting the substantial growth in the amount of instalment credit written during the year.

Commenting on the new regulations being introduced under the 1974 Consumer Credit Act, the chairman says that although some degree of regulation is desirable, "the complexity of legislation embodied in the Act and the cost of implementing it has become far greater than ever envisaged and it must be questioned whether the degree of protection being sought will be justified."

He welcomes the reduction in interest rates in recent months, but points out that it will have an effect on future earnings rather than an immediate impact on profits. The group, he points out, takes deposits on a spread of maturities so that the benefit of a fall in short-term money costs is not immediately apparent.

At the same time, he says, a significant proportion of its lending business is now linked to a published base rate and fluctuates at interest rates change. Though lower interest rates helped the profitability of the group's finance companies, "the main contribution came from a substantial growth in the volume of business."

Airfix plan to push expansion

The toys, footwear and home accessories group Airfix Industries has negotiated a £5m. line of credit with Barclays Merchant Bank over ten years to finance capital expenditure and further expansion of its activities.

Mr. Ralph Ehrmann, chairman and managing director, says the availability of these additional funds, coupled with the proceeds of the £2.7m. rights issue in July, 1976, mean that the group is in a position to exploit openings and opportunities both identified and potential without recourse to sources of additional finance.

Mr. Ehrmann says the group is now looking for further expansion of its non-toy interests, where profits are currently approaching £1m., and of its overseas toy activities.

His aim is to achieve a 50-50 split on activities. "We are now looking for further development in associated industries."

RTD ahead but omits interim

Electroplators, generating set manufacturers, etc., RTD Group lifted profits from £121,000 to £157,000 for the half year to August 31, 1977 before tax of £86,000 (£66,000). Sales were ahead from £2.27m. to £3.13m.

The directors say the economic environment has improved somewhat in stability but the group still feels the effects of continuous change in international economic policies. They add that the outlook for the year appears satisfactory.

Attention has been devoted to the policy of cutting dependence on borrowed funds. The debt/equity ratio has been reduced by the sale of the investment in Swan Ryan International announced in October, 1977. However the continuing substantial debt requirements have led the directors to decide that the payment of an interim dividend would not be prudent.

They will review the situation with regard to the final dividend at the appropriate time. Last year there was an interim payment of 0.65p net per 20p share but no final. Full-year profits came to £301,179.

The metal finishing activities traded well and showed a good sales trend in the domestic U.K. market and the group distribution activities maintained a satisfactory position.

The group generator manufacturing unit is producing satisfactory results, members are told and the potential for this company remains good.

Best and May well up halfway

INCLUDING the results of Kent Electrical Wholesale, which was acquired on June 30, 1977, pre-tax profits of Best and May rose from £92,800 to £138,240 for the half year to October 31, 1977, on turnover ahead from £1.23m. to £2.87m.

After tax of £82,285 compared with £48,30 earnings are shown to have risen from 2.22p to 3.37p per 10p share and the interim dividend is lifted from 0.774p to 0.8645p net. Last year's total was 2.7252p and pre-tax profits came to a record £247,778.

The company operates as stockists and distributors of electrical equipment and plant.

Tomkinsons looking for increased activity

RESULTS OF carpet and spinning group Tomkinsons (Holdings) are expected to benefit from the turnround by its tufted carpet subsidiary Ludlow Carpet from a £292,000 loss to a profit in the latest year.

With the re-organisation of the tufted division and the introduction of successful new ranges, directors say Ludlow should now trade profitably. Senior management changes were made in the year and accounts show compensation of £14,460 was paid to a former director for loss of office.

With an expected upturn in consumer spending in calendar 1978 the group overall is looking to increased activity particularly in the home market.

It is currently launching a major new range which has been market researched in conjunction with its fibre suppliers, directors say in their report with accounts.

In the year to October 1, 1977, pre-tax profit of Tomkinson improved from £239,647 to £252,450.

The loss contributed by Ludlow included the writing off of large overseas debts and yarn stocks. The company's performance improved in the second half and stocks were reduced, and the new management is confident it will again contribute to the group's well being.

The Axminster operations offset the fall in home demand by lifting exports to £3m. and traded profitably. But directors expect market conditions to remain difficult until inflation is under control and consumer buying confidence returns.

The spinning company made a substantial contribution from yarn sales and the sale of surplus assets. External sales grew to 28 per cent. of production and the forward order position is encouraging. A £0.3m. extension of operations which lifted capacity 30 per cent. was completed in the half year.

Steeles Carpets experienced a gradual improvement in trading conditions in contract furnishing in the year, and expanded its commercial and overseas activities.

Its product range was increased to include carpet tiles and luxury qualities. Factoring proved a successful venture and assisted both the product offer and the final result, directors say.

The Board of Tomkinsons is proposing to change the company's name to Tomkins Carpets and to transfer the assets and trading activities of three subsidiaries to the parent. Mr. K. R. G. Tomkinson, chairman, says in a letter to shareholders announcing the February 7 EGM that the directors have been discussing how to bring together the activities at the Kidderminster site for some time and have decided that the parent company is the right vehicle.

Accounts show a £0.25m. increase (£0.54m. decrease) in net liquid funds for the year, and at balance date net current assets were £2.49m. (£2.37m.).

Substantial interests in the company are Miss M. R. Tomkinson, 253,252 shares, E. F. Tomkinson, 166,402, Britannic Assurance Co. 160,000 and Lloyd's Life Assurance 200,000.

Meeting, Kidderminster, February 7 at noon.

SHARE STAKES

Johnson and Firth Brown—P. H. Ling, director, has acquired a further 3,860 shares. He is also the beneficiary of a trust which has acquired 8,940.

Jenks and Cattell—Anglo Indonesian Corporation is interested in 186,240 shares (10.58 per cent.).

Akroyd and Smithers—Following sales of Ordinary shares on January 9 at 237½p cumulative dividend in respect of the directors and their families are advised: D. H. Leroy-Lewis, beneficial 43,300; B. K. Peppiatt, beneficial 40,000; T. F. Jones, beneficial 40,000; T. F. F. Nixon beneficial 40,000 and non-beneficial 3,000 with 3,000 duplicated. K. J. Pitcher, beneficial 2,000.

John Waddington — Britannic Assurance holds 580,000 shares (9.27 per cent.).

United Kingdom Property—Having sold 100,000 shares, Lazard Bros. beneficial owners of 2.05m. (less than 5 per cent.).

Warner Holidays—E. H. S. Warner, H. E. A. Warner and J. O. C. Warner, directors, jointly sold on January 6 32,270 "A" shares between 28p and 29p. E. H. S. Warner sold 7,730 "A" shares at 28½p on January 6.

Vaux Breweries—A. Nicholson has sold 10,000 shares out of his holding of 30,354 at 393p because of commitments to his new farming business.

Hunslet (Holdings) — John Brook on December 1 had an interest in 102,943 shares (8.579 per cent.).

Estate Duties Investment Trust—Commercial Union Assurance holds 1,044,989 shares (6.66 per cent.) following acquisition of 28,324 shares on January 5.

Levex—Raybeck sold 200,000 shares on January 11 reducing its holding to less than 3 per cent.

Matthew Hall and Co. — The H. A. Holliday Discretionary Settlement of which M. J. Holliday, director, is a trustee has disposed of 100,000 shares leaving holding at 340,000.

Turner Curzon—J. H. Carter, director, sold 25,000 shares on January 11 at 11p.

World Value of the Pound

The table below gives the latest available ...es of exchange for the pound against various ...rencies on January 16, 1978. In some ...es rates are nominal. Market rates are the ...rage of buying and selling rates except where ...y are shown to be otherwise. In some cases ...rket rates have been calculated from those of ...eign currencies to which they are tied.

Exchange in the U.K. and most of the ...ntries listed is officially controlled and the ...es shown should not be taken as being ...licable to any particular transaction without ...erence to an authorised dealer.

Abbreviations: (S) member of the sterling ... other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate, no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/C) exchange certificates rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
...hanistan	Afghani	79.0
...nia	Lek	(O)10.10(A)
...eria	Dinar	7.86698
...orra	French Franc / Spanish peseta	8.875 / 155.45
...ola	Kwanza	n.a.
...igua (S)	E. Caribbean $	5.21177
...entina	Ar. Peso Free Rate	1186.25
...tralia (S)	Australian $	1.69805
...tria	Schilling	28.35
...res	Portug. Escudo	77.50
...amas (S)	Ba. Dollar	1.9295
...gladesh (S)	Taka	27.925 (S)
...rain (S)	Dinar	0.758
...earic Is.	Spa. Peseta	155.45
...bados (S)	Barbados $††	3.857
...gium	B. Franc	(cm) 63.57½ / (fn) 65.40
...ize	B $	3.857
...in	C.F.A. Franc	455¾
...muda (S)	Bda. $	1.9285
...tan	Indian Rupee	15.7488 (sg)
...ivia	Bolivian Peso	38.57
...swana (S)	Pula	1.58771
...zil	Cruzeiro ††	30.92
...Virgin Is. (S)	U.S. $	1.9285
...nei (S)	Brunei $	4.506
...garia	Lev	1.7187
...ma	Kyat	13.7547
...undi	Burundi Franc	172.10
...eroon Rp	C.F.A. Franc	455¾
...ada	Canadian $	2.1198
...ary Is.	Spanish Peseta	155.45
...Verde I.	Cape V Escudo	n.a.
...man Is. (S)	Cay. I. $	1.60709
...Af. Rp.	C.F.A. Franc	455¾
...	C.F.A. Franc	455¾
...	C. Peso	(Bk) 52.85
...	Renminbi Yuan	3.2855
...mbia	C. Peso	(F) 75.55
...oro Is.	C.F.A. Franc	455¾
...go (B'lle)	C.F.A. Franc	455¾
...a Rica	Colon	16.5551
...	Cuban Peso	1.4592
...rus (S)	Cyprus £	0.75975
...hoslovakia	Koruna	(com) 10.20 / (n-c) 20.40 / (T) 17.66
...mark	Danish Krone	11.075
...outi	Fr.	310.[illegible]
...inica (S)	E. Caribbean $	5.21177
...in. Rep.	Dominican Peso	1.9285
...ador	Sucre	(O) 48.66 / (F) 50.95
...pt	Egyptian £	(O) 0.758 / (T) 1.328
...opia	Ethiopian Birr	(P) 3.99557
...'l Guinea	Peseta	155.45
...kland Is.	Falkland Is. £	1.0
...oe Is.	Danish Krone	11.07¼
...Is.	Fiji $	1.57945
...land	Markka	7.74
...nce	French Franc	8.875
...nch C'ty in Af.	C.F.A. Franc	455¾
...nch Guiana	Local Franc	8.875
...nch Pac. Is.	C.F.P. Franc	155.60
...on	C.F.A. Franc	455¾
...bia (S)	Dalasi	4
...many (East)	Ostmark	4.3825

Place and Local Unit		Value of £ Sterling
Germany (West)	Deutschmark	4.0885
Ghana (S)	Cedi	2.19(sg)
Gibraltar (S)	Gibraltar £	1.00
Gilbert Is.	Aust. Dollar	1.69805
Greece	Drachma	68.898
Greenland	Danish Kroner	11.07¼
Grenada (S)	E. Caribbean $	5.21177
Guadeloupe	Local Franc	8.875
Guam	U.S. $	1.9285
Guatemala	Quetzal	1.9285
Guinea Rep.	Syli	40.4154
Guinea Bissau		77.7764
Guyana (S)	Guyanese $	4.91768
Haiti	Gourde	9.6425
Honduras Rep	Lempira	3.86
Hong Kong (S)	H.K. $	8.88
Hungary	Forint	(com) 72.87 / (n-c)(T) 38.88
Iceland (S)	I. Krona	428.5
India (S)	Ind. Rupee	15.7408 (sg)
Indonesia	Rupiah	800.5275
Iran	Rial	(A) 134
Iraq	Iraq Dinar	0.5706875
Irish Rep (S)	Irish £	1.00
Israel	Israel £	30.424
Italy	Lira	1687½
Ivory Coast	C.F.A. Franc	455¾
Jamaica (S)	Jamaica Dollar ‡‡	2.41065
Japan	Yen	469
Jordan (S)	Jordan Dinar	0.567(sg)
Kampuchea	Riel	2574
Kenya (S)	Kenya Shilling	15.41875
Korea (Nth)	Won	[illegible]
Korea (Sth)	Won	934.00
Kuwait (S)	Kuwait Dinar	0.550
Laos	Kip Pot Pol	385.7
Lebanon	Lebanese £	5.74311
Lesotho	S. African Rand	1.67584
Liberia	Liberian $	1.9285
Libya	Libyan Dinar	(P) 0.57092
Liechtenstein	Swiss Franc	3.8025
Luxembourg	Lux Franc	65.40
Macao	Pataca	9.55669
Madeira	Portug'se Escudo	77.58
Malagasy Rp.	MG Franc	455¾
Malawi (S)	Kwacha	1.67078
Malaysia (S)	Ringgit	4.5565
Maldive Is. (S)	Mal Rupee	7.57001
Mali Rp.	Mali Franc	907.5
Malta (S)	Maltese £	0.75145
Martinique	Local Franc	8.875
Mauritania	Ouguiya	90.88771
Mauritius (S)	M. Rupee	12.34501
Mexico	Mexican Peso	43.77
Miquelon	C.F.A. Franc	455¾
Monaco	French Franc	8.875
Mongolia	Tugrik	(O) 6.225
Montserrat	E. Caribbean $	5.21177
Morocco	Dirham	8.11(sg)
Mozambique	Moz. Escudo	62.1885
Nauru Is.	Aust. Dollar	1.69805
Nepal	Nepalese Rupee	24.16625
Netherlands	Guilder	4.36½
Neth. Antilles	Antillian Guilder	3.452915
New Hebrides	Franc / Austl. Dollar	[illegible] / 1.69805
N. Zealand (S)	N.Z. Dollar	1.99135
Nicaragua	Cordoba	13.58
Niger Rp.	C.F.A. Franc	455¾
Nigeria (S)	Naira	1.182580(sg)
Norway	Nrwg. Krone	9.915
Oman Sultanate of (S)	Rial Omani	0.665
Pakistan	Pkst. Rupee	18.85 (sg)
Panama	Balboa	1.9285
Papua N.G. (S)	Kina	1.4118

Place and Local Unit		Value of £ Sterling
Paraguay	Guarani	241.15
P'pl's D. Rp. of Yemen (S)	S. Yemen Dinar	(A) 0.65650
Peru	Sol	(cm)(A) 245.50
Philippines	Ph. Peso	14.21401
Pitcairn Is. (S)	£ sterling / New Zealand $	— / 1.99159
Poland	Zloty	(Cm) 57.88 / (T) 61.80
Portugal	Pgse Escudo	77.50
Port Timor	Timor Escudo	77.50
Principe Isle	Pgse Escudo	77.50
Puerto Rico	U.S. $	1.9285
Qatar (S)	Qatar Ryal	7.61
Reunion, Ile de la	French Franc	8.87½
Rhodesia	Rhodesian $	1.21843 / [illegible]
Romania	Leu	(nc)(T) [illegible]
Rwanda	Rwanda Franc	170.65
St. Christopher (S)	E. Caribbean $	5.21177
St. Helena	St Helena £	1.0
St. Lucia (S)	E. Caribbean $	5.21177
St Pierre	C.F.A. Franc	455¾
St. Vincent (S)	E. Caribbean $	5.21177
Salvador El	Colon	4.84
Samoa (Am.)	U.S. $	1.9285
San Marino	Italian Lira	1,687½
Sao Tome	Pgse. Escudo	77.50
Saudi Arabia	Ryal	6.87
Senegal	C.F.A. Franc	455¾
Seychelles	S. Rupee	15.35
Sierra Leone (S)	Leone	2.0
Singapore (S)	Singapore $	4.505
Solomon Is (S)	Australian $	1.69805
Somali Rep	Som Shilling	(A) 12.13981
Sth. Africa (S)	Rand	1.67584
S.W. Africa Territories (S)	S. A. Rand	1.67584
Spain	Peseta	155.45
Span. Ports in North Africa	Peseta	155.45
Sri Lanka (S)	S. L. Rupee	[illegible]
Sudan Rp.	Sudan £	(A) 0.67159
Surinam	S. Guilder	3.452915
Swaziland (S)	Lilangeni	1.67584
Sweden	S. Krona	[illegible]
Switzerland	Swiss Franc	3.8025
Syria	Syria £	(A) 7.58838
Taiwan	New Taiwan $	(P) 75.285
Tanzania (S)	Tan. Shilling	15.74
Thailand	Baht	39.555
Togo Rp.	C.F.A. Franc	455¾
Tonga Is. (S)	Pa'anga	[illegible]
Trinidad (S)	Trin. & Tobago	[illegible]
Tunisia	Tunisian Dinar	0.771(sg)
Turkey	Turkish Lira	54.78
Turks & C's	U.S. $	1.9285
Tuvalu	Australian $	1.69805
Uganda (S)	Ug. Shilling	15.17½
Utd. States	U.S. Dollar	1.9285
Uruguay	Uruguay Peso	(cm) 10.54 / (fn) 10.47
Utd. A'b Emts.	U.A.E. Dirham	7.51
U.S.S.R.	Rouble	1.387
Upper Volta	CFA Franc	455¾
Vatican	Italian Lire	1,687½
Venezuela	Bolivar	8.30
Vietnam Nth	Dong	(O) 4.75556 / (T) 4.8515
Vietnam (Sth)	Piastre	3.56775(sg)
Virgin Is. U.S.	U.S. Dollar	1.9285
Western Samoa (S)	Samoan Tala	1.15676
Yemen	Ryal	8.72(sg)
Yugoslavia	New Y Dinar	35.2454
Zaire Rp.	Zaire	1.598712
Zambia	Kwacha	[illegible]

...that part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. ...Rupees per pound. ...The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs.5 to one unit of the new currency. ...Afars and Issas now Djibouti. ...General rates of oil and iron exports 3.6987. ...The Mongolian tugrik has lately been reported to stand at an official commercial rate of 3.253 Russian roubles, the North Vietnamese dong at 0.386 roubles and the North Korean won at 0.7485 roubles. With the pound standing at 7.28 roubles the following relationships could be calculated for the pound: £=5.69 tugriks, £=4.18 dongs, £1=1.70 won.

— Rate is the Transfer market (controlled).
†† Rate is now based on 2 Barbados $ to the dollar.
‡‡ Now one official rate.
§§ Two-tier system introduced April 24. Rate is for exports, non-essential imports and tourism. Rate for essential imports 1.73565.

MINING NEWS

Good December quarter for Harmony

BY KENNETH MARSTON, MINING EDITOR

THE OUTSTANDING December quarterly report from the Barlow Rand group's South African gold and uranium producers is provided by the Harmony mine. After the September quarter setback which followed an underground fire and a lower gold ore grade, Harmony's working surplus has advanced in line with a higher gold price, a better ore grade and, importantly, a doubled revenue from uranium.

Higher gold prices, however, have not made a great deal of difference to the other mines in the group. Blyvoor, for example, has suffered a fall in both production and gold ore grade as a result of the severe pressure burst on September 2 (an explosion of fragmented rock brought about by the huge pressures at depth) coupled with the absence of uranium sales in the latest period.

The marginal gold producers, Durban Deep and East Rand Proprietary, have again made a loss and thus continued to lean upon State assistance. The group's latest quarterly working profits are summarised in the following table.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Blyvoor	7,282	7,972	10,289
Durban Deep	*1,484	*2,598	*2,048
E. Rand Pty.	*1,426	*2,684	*2,094
Harmony	8,129	2,217	3,548

* Loss before State aid.

FALCONBRIDGE CUTS BACK IN DOMINICA

The Canadian nickel producer, Falconbridge, is laying off more than 500 employees at its Dominican Republic subsidiary as part of the substantial cutback in operations which has already lead to widespread redundancies at its Ontario facilities.

The workforce remaining in Dominica will be about 1,550 people. A company statement said: "The facilities will be maintained in a state of readiness for the resumption of normal operations as soon as market conditions permit."

Falconbridge complained of the "continuing weakness in world metal markets and the excessive build-up of ferronickel inventory." This year the group expects to produce between 45m. and 50m. lbs of nickel, but at the end of the September quarter last year its stocks were 47m. lbs.

U.S. producers call for tariff

U.S. COPPER producers will later this month petition the International Trade Commission for the imposition of a tariff in order to seek relief from what they call "subsidised imports."

The petition is part of an effort being made by the industry to compensate for its declining competitiveness and was disclosed during a speech made in Phoenix, Arizona, by Mr. George Munroe, chairman of Phelps Dodge, one of the industry leaders.

"Our chief competitors are foreign Governments who decline to conduct themselves by the economic rules that apply to us," he said. His particular concern was the effect of environmental regulations which accounted he said for at least 10 cents per pound of copper.

"Ten cents of added cost on a product selling for 63 cents is a very substantial burden," stated Mr. Munroe. Foreign competitors ignored the environmental considerations which the U.S. industry was required to observe.

Mr. Munroe gave his support to proposals for the U.S. Government to sell part of its tin stockpile and build up its copper stockpile, and to bills before Congress for an environmental equalisation tariff of 10 cents a pound of copper. We also sought changes in the Arizona tax structure which imposed "a discriminatory burden on the copper industry."

Of the total taxes paid in Arizona by the copper industry, only 5 per cent. related to profitability, Mr. Munroe said. The rest were imposed whether the industry was profitable or not. "The copper industry does not seek any tax favours. It only asks to be treated the same way as other industrial or commercial enterprises," he added.

Two major Arizona copper mines have been shut down and the number of miners out of work in the State is about 8,000. Last year U.S. copper production was 8 per cent. lower than in 1976, a year in which the industry worked at only some 80 per cent. of capacity.

AFTON OUTPUT BUILDS UP

Production from the new Afton Mines copper complex in British Columbia has been building up following first output from the concentrator last month. The mine, subject to a financial reconstruction plan now under discussion, is owned by Afton Mines and Teck Corporation as equal holders.

In the first week of this year 7,400 tons of ore per day were being processed at a grade of 0.91 per cent. copper. The ore treated so far has been mainly from the top bench of the open pit.

Mr. R. E. Hallbauer, the managing director, said, "It is expected that recoveries will improve to projected levels now that mining of the top bench is complete and this has been confirmed by the fact that recovery averaged 90.1 per cent. on January 9."

RENONG TIN DRDG.

Renong Tin Dredging is establishing a branch register in Singapore from February 1, in addition to its existing branch register in Malaysia.

ASA buys the best

TRANSATLANTIC influences continue to be the main ... behind the climbing price of ... which gained $3.75 to $175.37 ... ounce yesterday. They ... from weakness of the U.S. ... coupled with uncertainties re... ing the course of the ... economy and they are reflected in the ... demand for Krugerrand coins and shares of the Ca... gold producers.

Inevitably, this hedging ... U.S. economic fears has ... over into the South African share market where political considerations have left shares at much lower levels than ... cases of the Canadian gold ...

The major vehicle for investment in South African ... is ASA, a Johannesburg ... trust that was created for investors back in 1958. Its portfolio is continuously ... review and thus gives a ... U.S. thinking on South A... gold share investment.

The message that comes from the ASA annual report ... the year to November 30 is ... "quality" stocks are the target and holdings in marginal mines—which ... gain most from rising ... prices—are minimal.

Thus the major invest... which accounts for 12.6 per ... of ASA assets is the high ... and low cost gold producer Driefontein. Next comes sister company, West Drief... (10.7 per cent.) which br... the uranium element. So does Vaal Reefs (10.2 per ce...

A favoured finance hold... Transvaal Consolidated La... Exploration (7.8 per ... followed by Winkelhaak (7... cent.) and, each rating a ... cent. investment of assets ... vaal and St. Helena. Final... Beers accounts for 4.6 per ... of ASA funds.

Recent movements in the portfolio include reductio... the holdings of Blyvoor, Doornfontein and increas... those of Kloof and Randf... On December 8, ASA net ... taking investments at Joh... burg share prices, were eq... $19.05 (currently £9.86) per ... The shares were £14½ in L... yesterday.

Rise in Scotch exports

Financial Times Reporter

SCOTCH WHISKY exports in 1977 will probably be only slightly up on the previous year in volume but well ahead in value, it can be judged now statistics for November have been released by Customs and Excise.

The volume of Scotch shipped was only 2 per cent. up after 11 months at 85m. gallons but the value was 17.4 per cent. ahead at £463m. This is a 6 per cent. rise on the total for the whole of 1976, £436.7m.

The problem in the world's biggest market for Scotch, the U.S., are illustrated by figures which show that ... 11-month period the volu... exports was down 4 per ... to 29m. gallons and the ... up nearly 2 per cent. at £...

The second-largest ov... market, Japan, saw the v... increase by more than ... cent. to 8.8m. gallons an... value rise by 18.5 per ce... just under £40m.

France remains the largest export market an... volume of Scotch shipped ... the 11 months was 12 per ... up at 4m. gallons and the ... advanced 32 per cent. to £2...

Subsidy 'worrying the world'

TROUBLED nationalised industries like British Steel which received huge government subsidies could come under pressure from governments throughout the world to drop them in the drive for free trade, Mr. Frank Weil, assistant secretary to the U.S. Department of Commerce, said in London yesterday, when he opened a computer exhibition at the U.S. Trade Centre.

"This means not just re... tariff barriers on imported ... and cutting out many ... disguised barriers which ... grown up in recent years ... said. "With British Steel ... government is subsidisin... and causing comp... problems throughout the ... We want to get rid of these ... of unfair competition."

Rand Mines Limited

A Member of the Barlow Rand Group

Gold Mining and Colliery Company Reports for the Quarter ended 31st December 1977

(All Companies incorporated in the Republic of South Africa)

Office of the Secretaries of the undermentioned companies in the United Kingdom: 40, Holborn Viaduct, London EC1P 1AJ.

HARMONY GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: R13 442 328 IN 26 884 880 SHARES OF 50 CENTS EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1977.

OPERATING RESULTS—ALL PRODUCTS	Quarter ended 31.12.1977	Quarter ended 30.9.77	6 Months ended 31.12.1977
Ore milled (t):	1 585 000	1 676 000	3 261 000
Gold produced (kg):	7 578	7 950	15 528
Yield (g/t):	4.78	4.74	4.76
Uranium			
Pulp treated (t):	1 145 000	1 211 000	2 356 000
Oxide produced (kg):	129 679	133 141	262 820
Yield (kg/t):	0.113	0.110	0.112
Pyrite			
Concentrate recovered (t)	19 820	21 894	41 714
Sulphuric Acid produced (t)	30 451	36 373	66 824
Total Revenue (R/t milled):	28.80	21.30	24.98
Total Costs (R/t milled):	23.28	20.45	21.83
Total Profit (R/t milled):	5.52	0.85	3.12
FINANCIAL RESULTS—All products—TOTALS IN R000's			
Revenue—Gold, Silver and Osmiridium	R36 153	R30 917	R67 070
—Uranium, Pyrite and Sulphuric Acid	R9 500	R4 785	R14 285
Total revenue	R45 653	R35 702	R81 355
Costs	R36 909	R34 281	R71 190
Working profit	R8 744	R1 421	R10 165
Sundry revenue (net)	R385	R796	R1 181
Profit before taxation and State's share of profit	R9 129	R2 217	R11 346
Taxation and State's share of profit (overprovision)	R506	R(3)	R503
Profit after taxation and State's share of profit	R8 623	R2 220	R10 843
Capital expenditure	R4 330	R3 592	R7 922
Dividends	R—	R6 721	R6 721
Loan Levies	R67	R—	R67

DEVELOPMENT

Quarter ended 31.12.1977 7 337 metres — Quarter ended 30.9.1977 7 501 metres

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Uranium Value kg/t	Channel Width cm	Gold cm.g/t	Uranium cm.kg/t
Basal	497	390	12.5	0.276	102	1 275	28.30
Leader	1 516	1 374	6.4	0.216	95	611	20.50
Totals and Averages							
Quarter ended 31.12.1977	[illegible]	1 764	7.8	0.252	97	758	24.43
Quarter ended 30.9.1977	2 081	1 842	7.5	0.256	106	797	27.38

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R1 698 000. The estimated total capital expenditure for the remainder of the current financial year is R7.0 million.

GENERAL

There were 70 working days in the quarter ended 31st December, 1977, as compared with 71 working days in the previous quarter.

For and on behalf of the board.
D. T. WATT (Chairman), R. J. J. FOURIE — Directors

9th January, 1978.

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R6 000 000 IN 24 000 000 SHARES OF 25 CENTS EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1977.

OPERATING RESULTS	Quarter ended 31.12.1977	Quarter ended 30.9.1977	6 Months ended 31.12.1977
Gold			
Ore milled (t)	405 000	460 000	865 000
Gold produced (kg)	4 351.2	5 501.3	9 852.5
Yield (g/t)	10.74	11.96	11.39
Revenue (R/t milled)	51.48	46.71	48.94
Cost (R/t milled)	33.34	29.18	31.13
Profit (R/t milled)	18.14	17.53	17.81
Revenue (R000's)	20 850	21 486	42 336
Cost (R000's)	13 503	13 424	26 927
Profit (R000's)	7 347	8 062	15 409
Uranium Oxide			
Pulp treated (t)	411 856	417 321	829 177
Oxide produced (kg)	66 329	69 358	135 687
Yield (kg/t)	0.161	0.166	0.164
FINANCIAL RESULTS (R000's)			
Working Profit: Gold	R7 347	R8 062	R15 409
Working profit/(loss): Uranium oxide	R(569)	R(569)	R(1 138)
Sundry revenue (net)	R424	R480	R904
Profit before taxation and State's share of profit	R7 202	R7 973	R15 175
Taxation and State's share of profits	R2 713	R2 764	R5 477
Profit after taxation and State's share of profit	R4 489	R5 209	R9 698
Capital expenditure	R1 826	R2 364	R4 190
Dividend declared	R7 200	R—	R7 200
Loan levies	R330	R543	R873

DEVELOPMENT

Quarter ended 31.12.1977 4 594 metres — Quarter ended 30.9.1977 4 140 metres

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Uranium Value kg/t	Channel Width cm	Gold cm.g/t	Uranium cm.kg/t
Main Reef	57	30	5.9	0.137	13	77	1.78
Carbon Leader	62	50	137.2	1.379	17	2 332	23.44
Quarter ended 30.9.1977							
Main Reef	26	18	7.8	0.265	12	94	3.18
Carbon Leader	120	42	170.2	0.826	16	2 724	13.21

DIVIDEND

Dividend No. 64 of 30 cents per share was declared on 19th December, 1977 payable on or about 3rd February, 1978 to shareholders registered on 30th December, 1977.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R1 878 000. The estimated total capital expenditure for the remainder of the current financial year is R8.4 million.

GENERAL

(i) Both production and grade for the quarter were adversely affected by the severe pressure burst which occurred towards the bottom of the 82 East longwall on 2nd September, 1977.

(ii) There were no sales of uranium during the quarter and the total production was stockpiled.

(iii) There were 70 working days in the quarter ended 31st December 1977 compared with 71 days in the previous quarter.

For and on behalf of the board.
D. T. WATT (Chairman), D. D. WATERMAN — Directors

9th January, 1978.

EAST RAND PROPRIETARY MINES, LIMITED

ISSUED CAPITAL: R3 960 007 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1977.

OPERATING RESULTS	Quarter ended 31.12.1977	Quarter ended 30.9.77
Gold		
Ore milled (t):	448 000	471 000
Gold produced (kg):	2 834.5	2 911.1
Yield (g/t):	6.33	6.16
Revenue (R/t milled):	30.27	24.05
Cost (R/t milled):	33.60	29.73
Profit (loss) (R/t milled):	(3.33)	(5.68)
Revenue (R000's):	13 563	11 327
Cost (R000's):	15 054	14 004
Profit/(loss) (R000's):	(1 491)	(2 677)
FINANCIAL RESULTS (R000's)		
Working profit/(loss): Gold	R(1 491)	R(2 677)
Sundry revenue/(net)	R65	R73
State Assistance claimed	R3 391	R2 832
Profit before taxation and State's share of profit	R1 965	R228
Taxation and State's share of profits	R—	R—
Profit after taxation and State's share of profit	R1 965	R228
Capital expenditure	R350	R72

DEVELOPMENT

Quarter ended 31.12.1977 2 563 metres — Quarter ended 30.9.1977 2 188 metres

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Channel Width cm	Gold cm.g/t
South	85	93	4.2	147	620
Composite	33	36	22.1	107	2 360
Main	162	108	7.8	89	694
Main Reef Leader	60	60	8.6	25	216
Totals and Averages:					
Quarter ended 31.12.1977	340	297	8.1	96	776
Quarter ended 30.9.1977	322	282	6.0	91	543

ORE RESERVES AT 31ST DECEMBER, 1977

The ore reserves have been re-estimated as follows:—

	Tons	Gold Value g/t	Stope Width cm	Gold cm.g/t
Available	714 000	12.4	132.2	1 633
Not available	660 000	12.6	144.3	1 814
Total	1 374 000	12.5	137.7	1 720

The ore reserves at 31st December, 1977 were calculated on the basis of a gold price of R4 194 per kilogram (approximately U.S. $150 per fine ounce at R1=U.S. $1.15) compared with R3 634 per kilogram (approximately U.S. $130 per fine ounce) in the previous year.

DIVIDEND

No dividend was declared for the half-year to 31st December, 1977.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R292 000.

GENERAL

There were 69 working days in the quarter ended 31st December 1977 as compared with 71 working days in the previous quarter. Cumulative drawings against the special State loan facility totalled R3.1 million as at 31st December, 1977.

For and on behalf of the board.
D. T. WATT (Chairman), D. D. WATERMAN — Directors

9th January, 1978.

DURBAN ROODEPOORT DEEP, LIMITED

ISSUED CAPITAL: R2 325 000 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1977.

OPERATING RESULTS	Quarter ended 31.12.1977	Quarter ended 30.9.1977
Gold		
Ore milled (t):	512 000	531 000
Gold produced (kg):	1 849.3	1 948.3
Yield (g/t):	3.61	3.67
Revenue (R/t milled):	17.30	14.27
Cost (R/t milled):	20.40	19.49
Profit/(Loss) (R/t milled):	(3.10)	(5.22)
Revenue (R000's)	8 855	7 577
Cost (R000's)	10 444	10 347
Profit/(loss) (R000's)	(1 589)	(2 770)
Pyrite		
Pyrite concentrate sold (t):	6 992	8 715
FINANCIAL RESULTS (R000's)		
Working profit/(loss)—Gold	R(1 589)	R(2.770)
—Pyrite	R84	R110
Sundry revenue (net)	R41	R64
State Assistance claimed	R2 235	R1 922
Profit/(loss) before taxation and State's share of profit	R771	R(674)
Taxation and State's share of profit	R—	R—
Profit/(loss) after taxation and State's share of profit	R771	R(674)
Capital expenditure	R175	R209

DEVELOPMENT

Quarter ended 31.12.1977 5 537 metres — Quarter ended 30.9.1977 [illegible] metres

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Channel Width cm	Gold cm.g/t
Kimberley	1 488	1 209	5.1	105	539
South	165	126	21.9	16	351
Main	62	30	2.7	181	496
Totals and Averages—					
Quarter ended 31.12.1977	1 715	1 365	5.3	98	521
Quarter ended 30.9.1977	1 397	1 233	5.0	101	509

ORE RESERVES AT 31ST DECEMBER, 1977

The ore reserves have been re-estimated as follows:—

	Tons	Gold value g/t	Stope width cm	Gold cm.g/t
Available	511 000	7.7	170.6	1 307
Not available	360 000	8.9	138.9	1 238
Total	871 000	8.2	155.5	1 275

The ore reserves at 31st December, 1977 were calculated on the basis of a gold price of R4 193 per kilogram (approximately U.S. $150 per fine ounce at R1=U.S. $1.151 compared with R3 634 per kilogram (approximately U.S. $130 per fine ounce) in the previous year.

The increase in the tonnage in the "NOT AVAILABLE" category from 47 000 last year to 360 000 this year is mainly due to a revaluation of blocks in a shaft pillar area as a result of a detailed investigation into its value potential.

DIVIDEND

No dividend was declared for the half-year to 31st December, 1977.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R37 000.

GENERAL

(i) As at 31st December, 1977 a total of R2.4 million had been drawn against the special State loan facility.

(ii) There were 70 working days in the quarter ended 31st December 1977 compared with 71 days in the previous quarter.

For and on behalf of the board.
D. T. WATT (Chairman), N. A. HONNET — Directors

9th January, 1978.

WELGEDACHT EXPLORATION COMPANY, LIMITED

ISSUED CAPITAL: R4 090 813 IN SHARES OF 45 CENTS EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1977 ON THE OPERATIONS OF THE COMPANY AND ITS WHOLLY-OWNED SUBSIDIARY

OPERATING RESULTS	Quarter ended 31.12.1977	Quarter ended 30.9.1977
Tons sold—metric	[illegible]	[illegible]
Working profit cents per ton	224.1	281.5
FINANCIAL RESULTS (R000's)		
Working profit	R1 481	R1 520
Net railway revenue	321	[illegible]
Net sundry revenue	27	[illegible]
PROFIT BEFORE TAXATION	R1 829	R2 142
Taxation	538	[illegible]
PROFIT AFTER TAXATION	R1 291	R1 813
Capital expenditure	[illegible]	[illegible]
Drilling and exploration (included in sundry revenue)	[illegible]	R19

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R3 567 000. The estimated total capital expenditure for the remainder of the current financial year is R3 000 000.

GENERAL

The profitability for the quarter has mainly been affected by a reduced demand in the inland market, and to a lesser extent by slightly reduced despatches to the export market. Working costs have continued to increase.

For and on behalf of the board.
A. A. SEALEY (Chairman), R. D. BARLOW — Directors

9th January, 1978.

WITBANK COLLIERY, LIMITED

ISSUED CAPITAL: R12 576 560 IN ORDINARY SHARES OF R2 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1977 ON THE OPERATIONS OF THE COMPANY AND ITS WHOLLY-OWNED SUBSIDIARIES

OPERATING RESULTS	Quarter ended 31.12.1977	Quarter ended 30.9.1977
Tons sold—metric	1 713 517	1 697 857
Working profit cents per ton	[illegible]	[illegible]
FINANCIAL RESULTS (R000's)		
Working profit	[illegible]	[illegible]
Net sundry revenue/(expenditure)	[illegible]	[illegible]
PROFIT BEFORE TAXATION	R3 943	R2 147
Taxation	—	—
PROFIT AFTER TAXATION	R3 943	R2 147
Capital expenditure	R3 022	R6 473
Exploration expenditure—included in net sundry revenue/(expenditure)	R95	R115
Dividend Paid	R—	R1 886

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R77 326 000. A further R19 813 000 capital expenditure has been authorised by the directors but has not yet been contracted. Included in these amounts is capital expenditure for the Douglas Colliery extending over the period to 1985. The estimated total capital expenditure for the remainder of the current financial year is R24 328 000.

For and on behalf of the board.
A. A. SEALEY (Chairman), R. D. BARLOW — Directors

9th January, 1978.

GENERAL NOTES

1. Gold development values quoted herein represent actual results of sampling, no allowance having been made for any adjustments which may be necessary when estimating ore reserves at the end of the respective financial years.
2. All financial figures are subject to audit.

Copies of these quarterly reports are obtainable from the United Kingdom Registrars and Transfer Agents, Charter Consolidated Limited, P.O. Box No. 102, Charter House, Park Street, Ashford, Kent TN24 8EQ

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SLEA TAKEOVER

A saucy move by Epicure

RICHARD LAMBERT

...res in Epicure Holdings, ...were suspended in Novem... ...35p, could start trading next month at the equiva... ...of well under half that ... That, in brief, is the con... ...to be drawn from a long ...extremely complicated docu... published at the end of last ... covering Epicure's pro... takeover bid for a private ...ny, Slea Holdings.

...start of this latest chap... Epicure's erratic history ...in the summer of 1976, Slea bought control of ...from the rump of Sir ...Lowson's once mighty ...In November of that year, ...granted Epicure an option ...per cent. of the capital of ...siness called Ratiomatic ...missions—which had up its ...what was hoped to be a ...dinary new gear box ...

...investment had only cost ...,000. But there is nothing ...tock Market likes better ...small company with a ...Epicure's shares were far ...ay the best performers ...market during 1976, end... ...year with a rise of over ...cent. at 34½p. At that ...it was valued at £1.6m.— ...for a small hotels/ ...group which was then ...money, and which had net ...of under £300,000.

...the story was too good to ...Last June, the Board— ...ded by Slea's chairman— ...a report casting serious ...on the potential of the ...Surprisingly enough, ...little effect on the share ...In December, a further re... ...ore or less wrote off the ...a commercial proposition. ...that time, merger talks ...under way with Slea, and ...'s shares had been sus... The deal now turns out ...the form of a share bid ...ure for Slea—and this is ...the complications start.

...'s shares, it is argued, ...pelessly over priced at the ...the suspension. So the ...take no account of the ...valuation of the business ...vember. Instead, they have ...orked out on the basis of ...ive contributions of assets and earnings of the two companies to the enlarged group.

To complicate the issue further, Epicure is proposing a one for two scrip issue. And Slea is proposing to offer its 57 per cent. holding in Epicure to the latter's independent shareholders and to its own employees at 5p per share —a sale which would raise about £180,000 cash.

The 35p suspension price is equivalent to 12.9 per share after allowing for the scrip and the full acceptance of the extra Ordinary shares being offered by Slea. But if disgruntled Epicure shareholders refuse to put up the c... for the extra shares, then ... equivalent price is over 20p per share.

Against this, Epicure's shares have been valued at just 7p each in the transaction with Slea, which will leave Slea's controlling shareholders with 85 per cent. of the enlarged group.

On paper, this may seem fair enough, and Grindlay Brandts—which is advising Epicure's independent directors—support the terms. After all, Slea will be contributing about 90 per cent. of the forecast profits of the enlarged group and 75 per cent. of the net assets.

However, these sums are based on profits of £225,000 from Slea, compared with an admittedly depressed figure of just £11,000 in 1976-77. They also take in a substantial boost to Slea's net worth, which has arisen from a property sale after its last year-end. Anyway, it is open to question whether Epicure should be valued on the same basis as a group like Slea—which is a widely diversified holding company taking in paint contracting, road surfacing, joinery manufacturing and property investment.

This will be something to raise at Epicure's extraordinary meeting next month, where Slea will not be voting its shares. If everything goes through, dealings are scheduled to restart in mid-February. Unless the group can retain the local following which took the shares up to such giddy heights in the past, it is hard to see the shares in their new form standing at much more than 5p each.

...S AND DEALS

...irbairn acquisition ...pay 3.6466p net

...irn Lawson, the Leeds ...ngineering and packaging ...yesterday announced the ...of W. Westwood and ...private Kent company ...in the manufacture of ...ltration equipment.

...rice is £900,000 which has ...sed by the issue of 1.72m. ...dinary shares. This rpre... ...per cent. of the new ...capital base.

...same time Fairbairn has ...he opportunity to lift its ...ividend to 2.6466p net ...oss) for a total for the ...3.6466p (5.52515p gross). ...permission has been ...

...ompany is also promising ...37 per cent. lift in the ...vidend (for which it does ...Treaury permission ...vidend restraint ends in ...ven after a 4p rise in the ...yesterday to 59p following ...the 1978 dividend of ...gross yields over 12 per ...

...dividend moves have ...attention from the some... ...bearish profits prospects ...in yesterday's statement, ...described difficult trading ...ns and continued reduced ...on the engineering side, ...ng throughout 1978.

...same time the expanded ...range is expected to con... ...towards increasing sales ...and there will, of course, ...year contribution from ...od. For the year ended ...31, Westwood made pre... ...ofits of £257,000. Net ...assets at that date ...ing a surplus of £241,000 ...from a professional reval... ...of the properties ...led to £596,000.

...x profits for the six ...to June at Fairbairn were £721,000, but yesterday's directors' statement must throw some doubt over whether this level has been sustained in the second half.

NEWMAN INDS.

Newman Industries has sold two of its companies for cash. The proceeds will be used to reduce bank indebtedness. Crystal Ware (Hereford) has been sold to G.P. Holdings, the plastic products division of Arthur Guinness, and Court Works has been sold to Interpace Corporation of New Jersey.

The consideration amounts in aggregate to some £1m., of which £900,000 has been received to date. This consideration is subject to marginal adjustments.

In 1976, the two companies contributed approximately £70,000 to the Newman Group's pre-tax profits from combined assets of approximately £857,000.

The effect of the two disposals, taken together with the elimination of these companies' bank borrowings, is to reduce group borrowings by some £1.75m.

CORAL LEISURE

On behalf of Coral Leisure Group, Jeffrey Rothner and Co., of Regents Park, N.W., the entertainment and leisure property specialists, has acquired the Invicta Bingo Club, Chatham, Kent, for a figure in excess of £200,000.

ICL PURCHASE

Owing to an agency error, Saturday's edition of the Financial Times announced that Mr. A. L. C. Humphreys, a director of ICL, had acquired 350,000 Ordinary shares. The figure should have been 350 shares.

...RG confirms U.S. talks

...son Robinson Group, the ...paper and packaging ...yesterday confirmed that ...n talks with an American ...ng company with a view ...ng the U.S. group.

...arget is Tower Products, ...s based in Illinois and ...es in flexible packaging ...medical industry. No ...f the talks are yet known ...n parties have agreed to ...nother statement within ...

...is a public but unquoted ...whose shares are sold ...e counter." Recent deal... ...e been around the $4 ...ch values the company ...(£1.94m.).

...statement from the ...company, released ...said that the offer ...ould be substantially ...rrent market price." ...DRG refused to confirm ...ing that "over the ...share price deals are ...a guide to a company's ...ver's directors, however, ...strong position since ...ol between a third and ...the shares.

...as been intending to ...flexible packaging side ...h it has a substantial ...n the U.K. and Europe— ...time. A spokesman said ...that the U.S. was one ...obvious markets for ... announcement, capitalizing the group at £3.65m.

A spokesman for Liner said that although it was unlikely that an announcement would be made over the next couple of days "it is hoped that a statement is made before the end of the week."

Ferguson Industrial Holdings, whose interests range from building and plumbing merchants to architectural and marine ironmongery, holds 29.9 per cent. of Liner's equity. But yesterday Ferguson was not prepared to comment.

In Liner's last balance sheet, for the year ended September 4, 1976, there were net assets per share, excluding intangibles, of 21.8p. Early last month preliminary results from the group for the year ended September 3, 1977 showed that pre-tax profits were £65,512 lower at £636,220, giving earnings per share of just over 3p.

...R CONCRETE ...ALKS

...Concrete Machinery, ...urer of contractors' ...d equipment, disclosed ...that it was engaged in ...s with an, as yet un... ...arty, which could lead ...r for its capital. Liner's ...se 8p to 38p after the ...

FREDK. EVANS SUSPENDED

Dealings in the shares of Frederick W. Evans, manufacturers of high precision thermo-setting and thermo-plastic mouldings, were suspended yesterday at the request of the company pending a further announcement over a possible take-over bid for the company. The suspension price was 28p, a level which places a value on the company of around £784,000.

For the year ended September 30, 1977, Evans made pre-tax profits of £220,402, against just under £200,000 in the previous year. Mr. R. W. Evans, the chairman, told shareholders in his annual statement that the Board looked to the future "with great confidence."

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

INTERNATIONAL FINANCIAL AND COMPANY NEWS

St. Gobain unit selling 50,000 woodland acres

BY DAVID CURRY PARIS, Jan. 16.

LA CELLULOSE du Pin, the paper-making subsidiary of Saint-Gobain-Pont-a-Mousson, is negotiating to sell more than 50,000 acres of timber-bearing land to help cover losses and finance investment. The sale is likely to bring in between Frs.200m. and Frs.250m.

Together with the increase in capital from Frs.116m. to Frs.290m. which is likely to be approved by Saint-Gobain in the next few weeks, this will mean a total of Frs.375m. to Frs.400m. in new money for La Cellulose du Pin.

The decision to sell the forest land has been taken following the collapse of Government-sponsored moves to reorganise the French paper industry in the interest of the balance of payments. Saint-Gobain responded to this breakdown by deciding to tackle the losses within its own group partly by shutting down inefficient operations and partly by providing new capital.

An unnamed French group, believed to have the ultimate backing of quasi-Government finance, is negotiating to purchase the land. La Cellulose is to retain management of the land and will continue to take timber from it by agreement although the area in question—le domaine de la Saussouze—accounts for only 2 or 3 per cent. of its annual timber needs. In some respects, as a result, the deal has certain aspects of a sale and lease-back arrangement.

La Cellulose du Pin itself ended 1976 in deficit to the tune of Frs.87.2m., and this loss will be only slightly trimmed in 1977. In addition its fully-owned subsidiary, Papeteries de Condat, added a further Frs.54m. in losses while Papeterie de la Seine, also a subsidiary, chipped in with a Frs.15m. shortfall, taking the consolidated loss beyond Frs.150m.

La Cellulose itself produces mainly packaging material. Its main plant, at Facture, near Bordeaux, has a capacity of 900 tonnes of kraft a day, putting it among the biggest units in the world league. Roquefort, in the Landes, is already virtually certain to close and it looks as if either Begles or Tartas may follow suit.

Papeteries de Condat produces mainly high gloss paper used in magazines. It has suffered from severe depression in its highly cyclical market, the problem of bringing new equipment on stream, and some difficulty in dealing with the fibre structure of the soft woods it uses.

The capital increase will see Saint-Gobain's stake in La Cellulose rise from just below 60 per cent. to between 75 and 80 per cent., since the other main shareholder, Pricel, is unlikely to follow suit for more than a symbolic amount.

At the end of last year, it became clear that the Government's ideas for reorganising the paper-making industry had failed to win the support of the companies involved. It had been hoped to bring together La Cellulose and La Rochette Cenpa (owned by Paribas and St. Regis) but Saint-Gobain apparently baulked at the idea of doubling the Tarascon plant of La Rochette to 200,000 tonnes of pulp a year.

Moves to take Condat into a group covering white paper, together with Beghin paper-making interests La Chapelle Darblay and Aussedat also failed partly because of doubt over the scope for increasing capacity.

Saint-Gobain has not excluded a return to the restructuring game after its own papermaking interest have been brought back into profitability. It is talking about association with a French or North American group to achieve world size. It does not rule out a formula taking La Cellulose du Pin out of the group altogether.

Aid for French steelmakers

BY OUR OWN CORRESPONDENT PARIS, Jan. 16.

USINOR and Sacilor, the two leading French steelmakers, are to receive a further Frs.500m. from the State to enable them to continue the effort of modernisation agreed *with the Government last year.*

Last year the State pumped Frs.1.3bn. into the two companies, of which around Frs.800m. went to Sacilor which has the more severe problem of obsolescence in its factories which are concentrated in the traditional steel area of Lorraine in north east France. The new tranche of money, divided roughly equally between the two concerns, will come, like the earlier amounts, from the official FDES Economic and Social Development Fund whose loans carry an interest rate normally 1 per cent. below market rates.

Last spring the Government announced a Frs.12bn. rescue programme for the steel industry, geared to the modernisation of equipment and a reduction of 16,000 in employment by the end of 1979.

Although the companies themselves undertook to make a financial effort and the European Coal and Steel Community and European Investment Bank were both cited as sources of funds, the main contribution was recognised as having to come from Government sources.

The severe losses of 1976 which helped provoke the crisis continued in 1977. Usinor lost Frs.1.22bn. in 1975 and Frs.1.24bn. in 1976 and will have exceeded that figure in 1977. Sacilor's consolidated net 1975 loss was Frs.1.48bn. and it has warned that 1977 will have been no better.

The French Government sees its efforts to modernise the national industry as being intimately linked with a Common Market effort to tackle the problem of "disorganisation" of the steel market.

Aga takes over Frigoscandia

By John Walker

STOCKHOLM, Jan. 16.

AGA, THE Swedish industrial gas, heat engineering and welding concern, has signed an agreement with Malmros, the south Swedish shipping group, to take over Malmros' subsidiary company Frigoscandia for an undisclosed sum, Aga reports.

Frigoscandia is one of the leading cold storage concerns in the U.K. and on the Continent. It has 2,400 employees of whom about 800 are in Sweden. Sales last year are forecast to amount to Kr.600m.

Brown Boveri gets control

THE BROWN Boveri group is to acquire a majority stake in Babcock-Brown Boveri Reaktor GmbH, of Mannheim, a German manufacturer of nuclear steam supply systems. Hitherto, 74 per cent. of the company's capital was held by the Babcock and Wilcox Company, of New York—the object last year of a bid battle won by J. Ray McDermott—and 26 per cent. by Brown Boveri and Cie. AG, of Mannheim.

EUROBONDS

Problems over EIB offer

BY MARY CAMPBELL

THE DOLLAR sector of the market in general was quiet yesterday. Most interest was fixed on the European Investment Bank's offering which effectively started trading since it was the first day on which the lead manager, Union Bank of Switzerland (Securities), was quoting prices for it. However, little business was done.

The main reason for this was that in trading the bonds, UBS adopted an unusual approach. It would buy bonds only from members of the underwriting or selling group and then only up to the limit of the individual institution's allotment. On this basis it was prepared to buy bonds back at 97 (it was selling them at 98).

The rest of the market took these limitations to mean that UBS would be keeping a note of which houses sold back the bonds they had been allotted for the purposes of future issues—in other words, they were afraid that the UBS would not offer to sell them bonds in other issues if they sold back the EIB bonds they had subscribed for.

The UBS said that it did not trade a single EIB bond yesterday.

The fact that the UBS was quoting 97/8 for the bonds limited dealings elsewhere in the market where the price was quoted from 98½ bid upwards.

There was a considerable undercurrent of dissatisfaction in the market yesterday at the way UBS was handling its trading of the EIB issue.

Dealers felt that it was the business of the lead manager to make a market in the bonds without the blackmail which they felt was implied by the limitation of its purchases to the amount each house had been allotted.

Usually in the case of unpopular issues, dealers who have subscribed for bonds sell back to the lead manager, via a third party not in the selling group. In this way the lead manager does not know who is trying to get rid of bonds he has been allotted.

From the investor's point of view, the situation is very unsatisfactory since he is showing a book loss of 2½ points.

AMERICAN NEWS

Equipment sales lift IBM profits by 13.4%

By John Wyles

NEW YORK, Jan. 16.

PARTICULARLY buoyant sales of its data processing equipment has helped carry International Business Machines' profits to a 13.4 per cent. increase in 1977 over the year before.

Equipment sales have been showing impressive increases since 1970—and IBM's $7.09bn. total last year was 19 per cent. higher than the year before. This meant that sales rose from 37 per cent. to 39.3 per cent. as a proportion of total revenue with the balancing $11.043bn. of 60.7 per cent. provided from rentals and services.

Net earnings for the year amounted to $2.719bn. compared to $2.398bn. the year before. Gross income was $18.133bn. compared to $16.3bn., an 11.2 per cent. increase. IBM's earnings per share rose 14.8 per cent. from $15.94 to $18.30, giving a current p/e of around 14.5.

In his statement, IBM's chairman, Mr. Frank Cary, said that the decline in the value of the dollar had yielded a foreign currency exchange gain of $64m., which more than offset earlier exchange losses and helped produce a net gain for the year of $28m.

Mr. Cary added that the high worldwide sales of data processing equipment had continued throughout the fourth quarter of 1977, and this had resulted in a record total for the year. He did not expect this strong rate of sales growth to continue through into 1978, and if it does not, period to period earnings comparisons will not be as favourable as they were in 1977, he said.

In the fourth quarter, IBM's gross income was $5.038bn., compared to $4.518bn., and its net income $797.4m., 18.3 per cent. up on the previous year's $673.9m.

The new computers introduced by the company over the last 12 months, models 3031, 3032 and 3033, have been extremely well received, and IBM is thought to have a backlog of orders which is greater than the total number of models installed of the superseded computers. Delivery dates on model 3033 now extend to 1980, and Drexel Burnham Lambert, the New York brokers, are predicting $20.51 earnings per share in 1978—and even better in 1979. Drexel Burnham is also speculating that IBM will raise its dividend from $10.0 to $11.40 per share, and will split its stock to bring the price down below $100 a share. The current price is in the region of $266

Progress at Chase Manhattan

BY STEWART FLEMING NEW YORK, Jan. 1[6]

THE STEADILY improving trend apparent earlier this year in the profits of Chase Manhattan, the *third largest U.S. bank,* has been carried through into its fourth quarter results which have increased by 32 per cent. on a per share basis.

The Bank, which has one of the worst hit in 1975 and 1976 by loan losses on property investments, reported to-day that earnings before securities transactions totalled $36.2m. compared with $25.7m. a year ago. Earnings per share in the quarter were $1.06 compared with 80 cents.

For the year as a whole the Bank's net income before securities transactions was $123.2m. compared with $105.1m., an increase of 17.7 per cent., one of the biggest rises yet reported in the banking sector. Earnings per share for the year are $3.71, against $3.63 before securities transactions.

Last week two other large New York banks, J. P. Morgan York City banks has been gains of 7.7 per cent. and 14 per cent. for the year. Although the Chase increase is larger, this in part reflects a marked decline in loan loss provisions. These fell from $310.2m. in 1976 to $215.3m. in 1977.

Elsewhere some of the factors affecting other New York City banks were also evident in the Chase figures. Thus, like Morgan, Chase cited higher overseas earnings as a factor behind the rise and one which helped to offset a decline in domestic interest income.

New lending by money centre banks such as the major New York City banks has been sluggish again in 1977. There has also been a narrowing of the spread between the cost of funds to the banks and the interest the banks have been charging their customers.

Canadian bond raises $C900m.

THE LATEST offer of bonds from the Canadian Government is to be a four tranche issue raising $C900m. The four issues range from two year notes to bonds dated 1997 at maturity.

Coupons range from 7½ per cent. to 9½ per cent. and issue yields start at 7.95 per cent. for the shortest paper moving upwards through 8½ per cent. and 8.86 per cent.—for the bonds dated 1983 to 1988 respectively—and culminating at 9.47 per cent. for the *1997 issue.*

The Bank of Canada will acquire a minimum of $C350m. of the new bonds and this acquisition will be open on maturity except that the total will include at least $C75m. of the 1997 maturity. The 9.25 per cent. bonds will be issued in a maximum amount of $C300m. and will *be eligible beginning February* 1, for purchase by the Bank's purchase fund.

Proceeds of the offering will be used to redeem $C356m. of Government bonds maturing on February 1, 1978.

The Bank of Canada acquisition will replace its holdings of $C152m. of Government bonds maturing February 1, 1978, and will be applied towards a reduction in the level of its foreign currency assets acquired as a result of temporary swap transactions with the exchange fund account. The Department of Finance is due to release details of the amounts of each maturity to-day.

Lykes makes merger case

LYKES CORPORATION has based its plea for Justice Department approval for the proposed merger with LTV Corporation on the grounds that its steelmaking business is to all intents and purposes a failing company, writes John Wyles from New York.

One of the main purposes of the proposed merger is to group *Lykes' ailing Youngstown Sheet* and Tube Company with LTV's Jones and Laughlin Steel Corporation. In a memorandum to the Justice Department's anti-trust division, the two corporations claim that the merger will create "a more efficient steel operation better able to compete with larger and more favourably situated domestic and foreign producers."

The merged unit would be the United States' third or fourth largest steel company and Lykes' attempt to win Justice Department approval on "failing company" grounds is not totally unexpected. Its decision to close Youngstown Sheet and Tube's Campbell works last autumn gave added strength to the industry's demand for action against imports. More than 5,000 jobs are affected by the decision and the Justice Department has been told that the future of another 1,000 jobs is uncertain.

Lykes' appeal to the Justice Department was bolstered by its statement last Friday that it expects to report a $195m. loss for 1977.

The company said that without a sale of assets it could *experience "severe"* cash shortages this year, but that the LTV merger would greatly ease the need to sell assets.

Another hurdle that the proposed merger has to overcome at the Justice Department is an agreement that the anti-trust division made with LTV in 1970. At that time LTV promised not *to make any* major acquisition for 10 years without approval from the Department or a Federal Court.

Global Natural does better

AN INCREASE of 27 per cent. in gross revenue making $8.4m. for 1977 was announced by Global Natural Resources Properties (GNRP), formerly a part of IOS group. Net income is expected to show a "substantial improvement" over the $1.6m. of 1976. In August last year the company announced net income for the first half of $2.6m.

The full year's sales figure includes $5.3m. from sales of gas and oil. The group's Canadian subsidiary has agreed to buy up certain interests in 16 producing oil wells and ten producing gas-fields and also various unexplored prospects of Petro-Lewis Corporation in Canada for approximately $2m.

Shipments of LNG from the plant in Indonesia in which GNRP has a production-sharing contract began last year. Revenues and recoveries of cost on this venture increased in 1977—although no figures are given—and a continued increase in such revenue is forecast.

Teledyne good fourth quarter

AFTER A YEAR of volatile earnings reports, the fourth quarter profits of Teledyne, the widely diversified conglomerate, have surged in the fourth quarter lifting net profits for 1977 to $194m., an increase of 41 per cent., reports Stewart Fleming from New York.

Teledyne's fourth quarter earn*ings per share* of $5.38 (against $3.04) are well ahead of the forecasts which some Wall Street analysts have been making. Earnings per share for the year of $16.23 (against $10.63) are also above some analysts' forecasts.

Part of the explanation lies in a change of accounting. The company says that for 1977 it has adopted equity accounting methods for certain investments of its unconsolidated subsidiaries, mainly insurance operations, and this has resulted in an 88 cents a share increase in 1977 net income and a 16 cents a share increase in 1976 net income.

Teledyne, which is 115th in the list of largest U.S. industrial companies according to Fortune magazine, had sales revenues last year of $2.2bn. (1976 $1.9bn.). Its products cover microcomputers, shower massagers, speciality metals, stereo equipment.

It also has major insur[ance] co-operations through Argo[naut] Insurance which operates in property and casualty field which in turn has substa[ntial] holdings in other U.S. compa[nies] including Litton Indust[ries] Curtiss-Wright and Walter R[...]

The poor performance of [Argo]naut earlier this year whe[n it] reported losses of $6m. in [the] second quarter was an impo[rtant] factor in the decline in [Tele]dyne's second quarter earn[ings].

Greyhound bi[d] for Verex

VEREX CORPORATION sa[id it] received a proposal from G[rey]hound Corporation to acq[uire] Verex for $25 a share cash [for] each of Verex's 3.4m. curre[ntly] outstanding shares, valuing [the] bid at about $85m., rep[orts] Reuter from Madison.

Verex, which recently cha[nged] its name from CMI Investm[ent] Corporation, said in a statem[ent] it is exploring the possibilit[y of] its acquisition with other m[ajor] corporations.

Monsanto an[d] Sohio suits

Standard Oil Co. (Ohio), [and] Monsanto Co., said in sepa[rate] announcements they will [chal]lenge in the Court of Appeals [the] Occupational Safety and He[alth] Administration's imposition [of] emergency temporary stan[dards] for worker exposure [to] acrylonitrile.

Both companies said [they] expect other producers to [join] in the suit.

The action to sharply re[duce] worker exposure to acrylonit[rile,] a suspected cancer-causing [sub]stance widely used in the m[anu]facture of manmade fi[bres,] synthetic rubber and plas[tics] was taken by OSHA ea[rly] yesterday.

Agencies

Pillsbury deal with Cook Ind[ustries]

PILLSBURY COMPANY, [the] foods and restaurants gr[oup] states that it has signed an ag[ree]ment in principle to buy [most] of the grain merchandi[sing] assets of Cook Industries Inc. [for] an undisclosed amount.

Included are a major ex[port] grain elevator at Rese[rve,] Louisiana, seven interior ele[va]tors at Dension and Hart[ford,] Indiana; Heloise, Tennes[see;] Dorena, Missouri and Chillico[the,] Henry and East Peoria, Illin[ois.]

See results table.

U.S. QUARTERLIES

MEREDITH CORP.

Second Quarter	1977 $	1976 $
Revenue	72.0m.	58.5m.
Net Profits	3.797m.	3.227m.
Net Per Share	1.24	1.05
Six Months		
Revenue	137.0m.	113.7m.
Net Profits	7.188m.	6.818m.
Net Per Share	2.34	2.22

COOK INDUSTRIES INC.

Second Quarter	1978 $	1977 $
Revenue	32.9m.	83.5m.
Net loss	3.4m.	loss 717,000
Net Per Share	loss 0.94	loss 0.21
Six Months		
Revenue	117.2m.	185.4m.
Net Profits	14.5m.	loss 14.2m.
Net Per Share	3.93	loss 3.86

BANK OF NEW YORK

Fourth Quarter	1977 $	1976 $
Net Profits	8.9m.	9m.
Net Per Share	1.49	1.50
Net Share dil.	1.22	1.22
Year		
Net Profits	31.2m.	32m.
Net Per Share	5.21	5.34
Net Share dil.	4.29	4.39

FIRST PENNSYLVANIA

Fourth Quarter	1977 $	1976 $
Net profits	6.175m.	4.872m.
Net Per Share	0.47	0.37
Year		
Net Profits	27.6m.	21.1m.
Net Per Share	2.10	1.60

REDMAN INDS.

Third Quarter	1977 $	1976 $
Revenue	47.2m.	29.7m.
Net Profits	1.4m.	loss 394,000

NCNB

Fourth Quarter	1977 $	197[6] $
Net Profits	6.8m.	5.[illegible]
Net Per Share	0.41	[illegible]
Year		
Net Profits	23.9m.	20[illegible]
Net Per Share	1.42	[illegible]

CONTINENTAL BANK (PHILADELPHIA)

Fourth Quarter	1977 $	197[6] $
Net Profits	3.4m.	2.[illegible]
Net Per Share	0.89	[illegible]
Year		
Net Profits	12.6m.	11[illegible]

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8¾pc 1989	96½	97½
AMEV 8pc 1987	94½	95
Australia 8½pc 1992	95	95¾
Australian M. & S. 9½pc '92	97⅞	98½
Barclays Bank 8½pc 1992	96	96½
Bowater 9½pc 1992	96½	97
Can. N. Railway 8¾pc 1986	93½	96½
Credit National 8½pc 1988	97	97½
Denmark 8½pc 1984	98½	99½
ECS 9pc 1995	98½	99
ECS 8½pc 1997	96½	97
EIB 8½pc 1992	98½	99½
EMI 9½pc 1989	97½	98½
Ericsson 8½pc 1989	97	97½
Esso 8pc 1986 Nov.	99½	100
Gt. Lakes Paper 8½pc 1984	98½	99½
Hamersley 9½pc 1992	99½	100½
Hydro-Quebec 9pc 1992	93½	96½
ICI 8½pc 1987	93½	96½
ISE Canada 9½pc 1986	102	102½
Macmillan Bloedel 9pc 1992	96½	97
Massey Ferguson 9½pc 1991	101½	102½
Michelin 9½pc 1988	100½	101
Midland Int. Fin. 8½pc 1992	97	97½
Natnl. Coal Bd. 8pc 1987	93½	94½
Natnl. Wstminstr. 9pc 1986	102½	103
Newfoundland 9pc 1989	98½	99½
Norges Kom. Bank 8½pc '92	95½	96½
Norpipe 8½pc 1989	96	96½
Norsk Hydro 8½pc 1992	95	95½
Oslo 9pc 1988	98½	99½
Ports Autonomes 9pc 1991	98½	99½
Prov. Quebec 9pc 1995	95½	96
Prov. Saskatch. 8½pc 1986	98½	99½
Reed International 9pc 1987	94	94½
RHM 9pc 1992	94	94½
Selection Trust 8½pc 1989	91½	92½
Skand. Enskilda 9pc 1991	98½	99½
SKF 8pc 1987	92½	93½
Sweden (K'dom) 8½pc 1987	94½	95½
United Biscuits 9pc 1989	97½	98½
Volvo 8pc 1987 March	93	93½
Michelin 8½pc 1983	99½	100
Montreal Urban 8½pc 1981	97½	98½
New Brunswick 8pc 1984	95½	96½
New Bruns. Prov. 9½pc '83	101½	102½
New Zealand 8½pc 1986	97	97½
Nordic Inv. Bank 7½pc 1984	94½	95½
Norsk Hydro 7½pc 1982	97	97½
Norway 7½pc 1982	96½	97
Ontario Hydro 8pc 1987	94½	95½
Singer 8½pc 1982	99½	100
S. of Scot. Elec. 8½pc 1981	99½	100½
Sweden (K'dom) 7½pc 1982	97	97½
Swedish State Co. 7½pc 1982	93½	94½
Telmex 8½pc 1984	97½	98½
Tenneco 7½pc 1987 May	93	93½
Volkswagen 7½pc 1987	93½	94
Midland 1982 9pc	101½	101½
Midland 1987 7 11/16pc	98½	98½
OKB 1983 6½pc	99½	99½
SNCF 1985 6 15/16pc	98	98½
Stndd. and Chrtrd. '84 6½pc	99½	99½
Wms. and Glyns 1984 7pc	99½	99½

Source: White Weld Securities.

NOTES	Bid	Offer
Australia 7½pc 1984	94½	95½
Bell Canada 7½pc 1987	93½	94½
Br. Columbia Hyd. 7½pc '85	93½	94
Can. Pac. 8½pc 1984	98½	99½
Dow Chemical 8pc 1986	97½	98½
ECS 7½pc 1982	96	96½
ECS 8½pc 1989	95½	96½
EEC 7½pc 1982	96	96½
EEC 7½pc 1984	95	95½
Enso Gutzeit 8½pc 1984	96½	97
Gotaverken 7½pc 1982	97½	98½
Kockums 8pc 1983	97	97½

STERLING BONDS	Bid	Offer
Courtaulds 9½pc 1989	96	96½
ECS 9½pc 1989	100½	101½
EIB 9¼pc 1992	98½	99
Finance for Ind. 9½pc 1987	98	98½
Fisons 10½pc 1987	99	99½
Total Oil 9½pc 1984	98	98½

DM BONDS	Bid	Offer
Austria 6½pc 1986	106	106½
BFCE 7pc 1987	104½	105½
Denmark 6½pc 1989	104	104½
EIB 6½pc 1984	105½	106½
Grand Met. 7pc 1984	101½	102
Hydro-Quebec 6½pc 1987	102½	103
ICI 6½pc 1987	105½	106
Montreal 7pc 1987	102	102½
Norges Gas 7pc 1989	105½	106½
Norsk Hydro 6½pc 1989	104½	105½
Norway 5½pc 1982	103½	104½
Shell 6½pc 1989	107½	108½
Spain 6½pc 1984	100½	101½
Sweden 6½pc 1984	105	105½
World Bank 6½pc 1987	103½	104

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 7 13/16pc	98½	99½
BFCE 1984 7pc	97½	98½
BNP 1983 6½pc	99½	99¾
CCF 1983 8pc	99½	99½
CGMF 1984 6 15/16pc	98	98½
Creditanstalt 1984 7½pc	98½	99
Credit Lyonnais 1982 6½pc	99	99½
DG Bank 1982 7 13/16pc	99½	100
GZB 1981 7½pc	100½	100½
Intl. Wstmnstr. '84 7 15/16pc	99	99½
Lloyds 1983 7½pc	99½	100½
LTCB 1982 6½pc	99½	99½

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	78½	80½
Ashland 5pc 1988	88	90
Babcock & Wilcox 6½pc '97	93	94
Beatrice Foods 4½pc 1992	93	95
Beatrice Foods 4½pc 1992	100	102
Beecham 6½pc 1992	96½	99½
Borden 5pc 1992	98½	100½
Broadway Hale 4½pc 1987	71	74
Carnation 4pc 1987	76	78
Chevron 5pc 1988	113½	115½
Dart 4½pc 1987	79	81
Eastman Kodak 4½pc 1988	82	84
Economic Labs. 4½pc 1987	77	79
Firestone 5pc 1988	79	81
Ford 5pc 1988	79½	81½
General Electric 4½pc 1987	79	81
Gillette 4½pc 1987	74	76
Gould 5pc 1987	108	110
Gulf and Western 5pc 1988	74	76
Harris 5pc 1992	132	134
Honeywell 6pc 1986	84	86
ICI 6½pc 1992	86½	88½
INA 6pc 1997	91½	93½
Inchcape 6½pc 1993	104½	105½
ITT 4½pc 1987	73½	75½
Jusco 6pc 1992	104½	107½
Komatsu 7½pc 1990	101½	102½
J. Ray McDermott 4½pc '87	154½	156½
Matsushita 6½pc 1990	119½	120½
Mitsui 7½pc 1990	105½	106½
J. P. Morgan 4½pc 1987	94½	96½
Nabisco 5½pc 1988	98	100
Owens Illinois 4½pc 1987	112½	114½
J. C. Penney 4½pc 1987	74	76
Revlon 4½pc 1987	107	109
Reynolds Metals 5pc 1988	81½	83½
Sandvik 6½pc 1988	102½	104
Sperry Rand 4½pc 1987	81	83
Squibb 4½pc 1987	74½	76½
Texaco 4½pc 1988	76	78
Toshiba 6½pc 1992	88	90
Union Carbide 4½pc 1982	88	90
Warner Lambert 4½pc 1987	77	79
Warner Lambert 4½pc 1988	71½	73½
Xerox 5pc 1988	76	78

Source: Kidder, Peabody Securities.

Crédit Suisse chairman attacks U.S. authorities

Y JOHN WICKS

TRONG attack on the U.S. latory authorities, especially Securities and Exchange nission, was launched yes- y by the head of one of erland's largest banks, it Suisse.

pital flows into the U.S. are rendered more difficult by rent American neglect of xistence of foreign securities Dr. Oswald Aeppli, chair- of Credit Suisse, said in a h to the Swiss-American ber of Commerce. At a when the U.S. balance of ents was causing concern there and abroad, this was ticularly troublesome," said Aeppli.

ere was growing concern at endency of certain regula- authorities in the U.S., ially the SEC, to make ican laws and practices cable beyond the country's lers. Dr. Aeppli claimed "unwillingness of the SEC rmulate its intentions and olicy in abstract rules and abandon its case-by-case ach" was particularly un- actory for Europeans. He of what he called the nission's aggressive inten- and its threats and intimi- ns, which in many cases no relation to the facts.

ere was no doubt, said li, that the SEC was to-day nced that a broad assertion risdiction in international securities transactions was neces- sary to achieve the goals of the U.S. securities laws. "However," he added, "I wonder whether the SEC realises that other nations have different legal conceptions and might therefore disagree on the desirability of a worldwide application of the U.S. securities laws."

The Credit Suisse Chairman said he felt the needs and realities of foreign nations were insufficiently considered by American courts and administra- tive authorities. "Not all citizens of countries with less comprehen- sive securities regulations are criminals, not all corporations which do not meet the American disclosure standards are fake enterprises, and not every trans- action which has the slightest connection with the U.S. should automatically be deemed a matter of American concern," he said.

Dr. Aeppli said that a giant step towards overall jurisdiction of the American courts had been taken last year in the case "SEC versus Kasser." The Commission did not claim that the alleged fraudulent activities had had any effect in the U.S.—the securities were not traded on any U.S. stock exchange, and no sale was made to an American resident or citizen—but the court found that the federal securities laws granted jurisdiction in trans- national securities cases where at least some activity designed to further a fraudulent scheme occurred within the U.S. This decision would not allow the SEC to pursue cases which had no impact on domestic investors or domestic securities markets.

He also drew attention to the problem arising where, by following orders of a U.S. court, a foreign party was compelled to violate its domestic law and was thus caught between two conflicting jurisdictions. Deci- sions like that in the well-known "Interhandel" case, in which the U.S. Supreme Court quashed a discovery order against a Swiss company to the extent that it violated Swiss law, seemed to be getting more and more neglected.

Dr. Aeppli quoted a judgement recently given against Arthur Andersen and Co. here, in which it was stated: "Foreign law may not control local law. It cannot invalidate an order which local law authorises. The court is not impressed by the defendant's contention that international comity prevents a domestic court from ordering action which violates foreign law. If the prob- lem involves a breach of friendly relations between two nations, the matter should be brought to the attention of those officers and agencies of the U.S. charged with the conduct of foreign affairs." Reading such a state- ment, one could not help being worried, said Dr. Aeppli.

J.S. banks' foreign lending

JUREK MARTIN, U.S. EDITOR — WASHINGTON, Jan. 16.

OR U.S. banks had $164bn. nding in foreign loans at niddle of last year, accord- a new survey issued here fternoon by the three prin- banking regulatory ies.

this global sum, $68.5bn., or 42 per cent., was accounted y loans made in the Group en major industrialised ries, plus Switzerland, the majority representing inter- lending of short term dura-

ns to non-oil developing ries amounted to about , with $22bn. going to two ries, Brazil ($10.6bn.) and o ($11.3bn.).

exporting countries nted for just over $12bn. in , with Venezuela, with over . outstanding, easily the st recipient. Other oped countries outside the p of Ten had about $17bn. ending, while loans to rn Europe were worth just $6bn.

survey attempts to draw nclusion from the data it nts, which is being made for the first time. The ion is to make what is as the "country exposure ," a semi-annual exercise, with the results being published some four months after the banks have provided the authorities with the relevant information.

There were widespread fears two years ago, which have yet to be entirely dispelled, of the over-exposure of some U.S. banks in certain foreign coun- tries. The survey does not name individual banks, but it does provide country-by-country data, together with crude figures on the maturities of the outstand- ing loans and a public/private sector break down.

There do not appear to be many surprises in the country figures. The large Brazilian and Mexican exposures have by now become pretty well known. Among other countries which have experienced repayment problems, Peru is shown to have $1.9bn. in U.S. bank loans, $1.3bn. representing claims on the Peruvian public sector.

U.S. banks loans to Turkey amounted to nearly $1.5bn., with over $1bn. in loans maturing in one year or less. The Zaire debt to U.S. banks was 283m., almost all of it in the public sector.

The breakdown of the type of customer receiving U.S. bank loans showed $63bn. going to the private non-bank sector, $59bn. in placements with banks, and $42bn. to the foreign public sector.

Globally, about 63 per cent. of foreign loans were of short term—one year or less—but with the industrialised countries and off-shore banking centres account- ing for the bulk of this. For most other group of countries, short term claims accounted for about one half of the total.

The survey was produced by the Federal Reserve, the Comptroller of the Currency and the Federal Deposit Insurance Corporation, and covers loans made by 119 U.S. banks with assets of $1bn. or more from either their U.S. or foreign offices.

Saudis to buy stake in British bank's branches

SAUDI ARABIA'S Government approved a recommendiation to buy a majority share in the Saudi branches of the Hongkong and Shanghai Banking Corpora- tion subsidiary, British Bank of the Middle East, reports Reuter from Jeddah.

This was announced by In- formation Minister, Mohammed Abdo Yamani, after a Cabinet meeting. The recommendation, by the Ministry of Economy, stipulates the transformation of the branches into a Saudi bank- ing establishment owned jointly by Saudi Arabia's private sector and the Bank.

AUSTRALIAN NEWS

Liquidity shortage threatens

BY JAMES FORTH — SYDNEY, Jan. 16.

UNLESS LIQUIDITY of the trading banks improves, the monetary authorities will prob- ably be forced to introduce sup- port measures during the June quarter period of heavy tax pay- ments, the chairman of the Australian and New Zealand Banking Group, Sir Ian McLennan, told shareholders to- day at the annual meeting, the first since he became chairman in October. He also announced details of a one-for-four scrip issue.

Referring to liquidity, Sir Ian said that it was important that sufficient liquidity was available to ensure that competition for funds did not produce renewed escalation in interest rates. It seemed that downward influences on rates in Australia were likely to predominate in 1978, but the continuation of balance of pay- ments uncertainties and/or ex- cessively slow growth in the money supply could limit the scope for significant reductions from present levels.

It was of some concern that the volume of money grew at a seasonally adjusted annual rate of only 5 per cent. in the four months to October, which was considerably below the range of 8 per cent. to 10 per cent. forecast for 1977-78 in the Federal Budget. This restrained growth had also slowed the growth of trading bank deposits, and trading bank liquidity was therefore unseasonably tight.

Sir Ian told the meeting that an intensification of wage re- straint was needed to reduced the inflation rate. The major cause of Australia's inflation problem had been wage pay- ments the economy could not afford. "Undoubtedly the major economic objective should be to further reduce the inflation rate and lift the relatively low rate of economic growth," he added.

Sir Ian said the group's opera- tions to date in 1977-78 were satisfactory and although econo- mic conditions in Australia and New Zealand were difficult, the Board was confident of improved results.

He announced a one-for-four scrip issue to holders registered on March 3. The issue will in- crease issued capital from $A72.1m. to $A90.1m. The total dividend for 1977-78 is expected to be at least 16 cents a share, which would be equivalent to the 20 cents a share paid in 1976-77.

The ANZ's authorised capital will be increased by 25m. $A1 shares to 125m. The issue will be made by capitalising part of the share premium reserve. After the issue there will be 34.9m. unissued shares, but there is no present intention to issue any of these shares and the Board will not issue any shares without the approval of a gene- ral meeting which would affect the control of the bank or in- volve a substantial change in the nature of the business.

CIG looks for improvement

COMMONWEALTH Industrial Gases Ltd. chairman, Sir Kenneth Humphreys, said the company hopes the market will improve and that it will be able to increase profits this year, Reuter reports from Sydney.

Mr. Humphreys said in the annual report that he believes the company, which is owned 59 per cent. by BOC Inter- national Ltd., will at least main- tain last year's level of profit- ability.

Unaudited consolidated net operating profit was $A13.72m. for the year ended September 30, 1977.

There are now tentative signs the level of economic activity in Australia is beginning to rise, following stagnant growth during much of 1977, Mr. Humphreys declared.

Australia's underlying rate of inflation is under 10 per cent. per annum and a further reduc- tion is expected in 1978, he added.

Kiwi plans to diversify

KIWI INTERNATIONAL, the household products manufac- turer, is looking to diversify and is holding negotiations to make purchases in several countries, the chairman, Sir Thomas Ramsay, told shareholders to-day at the annual meeting in Melbourne.

He said that an announcement would be made when these nego- tiations were finalised.

The various companies in the group were confident of main- taining increased levels of sales and profitability, and new products had been launched in the various markets in which Kiwi operated.

The results for the first three months of 1977-78 were ahead of budget, both in sales and profitability. The recent trend of the U.S. dollar had the effect of reducing the group's profits when converted to Australian dollars, but the results were still ahead of the same period of last year.

At the meeting the nominal value of Kiwi's shares was split from $A1.00 shares to 50 cent units.

Electric appliances sales hopes

SANYO ELECTRIC Company and Sharp Corporation, the Japanese electric appliances concerns, hope to increase their sales in the current year by 10 per cent. from a year earlier, and cover losses in export in- come caused by the yen's rise, and sluggish sales in the domes- tic market.

Mr. Kaoru Iue, president of Sanyo Electric said that he hoped to increase by 10 per cent., to about Y580bn., from Y532.1bn. in the previous year, to Novem- ber 3.

Mr. Iue said that his company planned to establish a tape re- corder and the other audio systems production factory in Taiwan this year, mainly to cope with the yen's rise.

He also said that Sanyo would set up a sales firm for electronic watches in Japan in March.

Sanyo plans, in addition, to set up a colour television produc- tion plan in Europe this year. Officials of Sanyo declined to give detailed comment on it, but suggest that final arrangements will be made in a month or so.

Meanwhile, Mr. Akira Saeki, president of Sharp Corporation, said that he hoped that March 31 year sales would increase by 10 per cent. to Y330bn., from Y285.046bn. last year.

Mr. Saeki said that Sharp planned to cover slumping domestic demand by strengthen- ing the industrial appliance sec- tor, in such fields as desk-top electronic calculators and microwave ovens.

AP-DJ

Japanese banks urge creation of CD market

TOKYO, Jan. 16.

IN PRESSING for central bank permission to issue certificates of deposit, the major commercial banks in Japan appear to be touching off a conflict with the securities industry.

AP-Dow Jones reports that Japanese institutional investors have been placing funds in the bond market rather than in term deposits, and banks are eager to win back this lost business.

Executives of the 13 major commercial banks plan to gather this month to discuss details of their proposals. In foreign markets, Japanese banks have issued CDs since September 1972. And since last April, they have issued floating-rate CDs in Eurodollars.

An official of a leading securi- ties house said characteristics of CDs are quite similar to securities, so the introduction would have an influence on the secondary market of Bonds and Debentures.

He said it isn't known whether securities firms could handle CDs in the secondary market, as they do in the U.S. "If we aren't allowed to handle them, we should think of issuing com- mercial paper," he said. He also forecast that smaller banks will oppose the large banks' plans.

Last month, Sumitomo bank submitted to the Finance Ministry a plan for offering CDs with a term of less than one year and floating interest rates. A bank official said short-term CDs would "forestall conflicts" with bonds issued by trusts and other banks. He also contended that the introduction of CDs in Japan would hold lower interest rates.

Off 4 on dollar and economic concern

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Jan. 16.

CONTINUED INVESTOR unease about the health of the dollar and the fate of pending energy and tax legislation pushed stocks on Wall Street broadly lower in further slow trading to-day.

The Dow Jones Industrial Average ended 3.99 weaking at 771.74 and the NYSE All Common Index declined 17 cents to $49.40, while losses outnumbered rises by 960 to 436. Turnover amounted to 18.76m. shares, compared with last Friday's total of 18.01m.

Analysts said that investors will be watching for indications of decisions to be taken at the Federal Reserve Board's open market committee meeting to-morrow to see how much the domestic economy will be penalised to support the dollar.

They also commented, in congressional energy conferences fail to reach some agreement this week before meeting in public session, that will put further pressure on the dollar and, in turn, on the stock market.

Investors will also be looking for some indication of positive action by the Administration on energy, tax and inflation problems, as well as the dollar, in President Carter's State of the Union message on Thursday.

International Busines Machines closed 1¼ up at $267½ and Teledyne climbed 3¼ to $61¾, both after reporting a sharply higher fourth-quarter earnings.

Verex, formerly CMI Investment, jumped 10¾ to $23¼ in response to Greyhound Corporation's proposal to buy all the shares at $25 each, while the latter were unchanged at $13¾.

United Guaranty, on announcing that fourth-quarter insurance volume was up 50 per cent. from a year ago, moved ahead 2¼ to $14¼.

AMIC gained 1¾ at $13¾—a company officials could give no reason for the stock's activity.

Alcoa lost 1¼ to $42 and *Petroleum and Resources* were down 2¾ to $23¼.

PRICES also declined in quiet trading on the American SE, the Amex index losing 0.29 to 120.35. Volume 1.83m. shares (1.71m.).

MONDAY'S ACTIVE STOCKS

	Traded Stocks	Price Closing	Change on day
Verex	344,000	23¼	+10¾
Std. Oil California	333,100	34¼	− ¼
Amer. Tel. & Tel.	212,700	58¼	− ¼
Dow Chemical	173,100	25¾	− ¼
Kennecott Copper	172,000	23¾	+ ¼
Columbia Pictures	167,200	13¾	− ¼
Teledyne	157,900	61¾	+ 3¼
Continentl Airlines	143,300	10¾	− ¼
Control Data	128,400	23¼	+ ¼
Coastal States Gas	125,100	13¼	− ¼

OTHER MARKETS

Canada easier

Canadian Stock Markets showed a downward tendency at mid-day yesterday following a moderate trade. The Toronto Composite Index registered a decline of 1.9 at 1,006.1 at noon, while Oils and Gas lost 5.2 to 1,353.1 and Banks 0.38 to 229.27, but Golds advanced 20.4 to 1,404.3 and Papers added 0.25 at 92.10.

PARIS—Market tended easier, partly reflecting concern over the lack of cohesion between the French Right-wing parties.

BSN Gervais Danone lost 14 to Frs.366, Carrefour 13 to Frs.1,282, Moet Hennessey 9 to Frs.351, and L'Oreal 32 to Frs.483. Afrique Occidentale, in contrast, put on 4.5 to Frs.322.5.

BRUSSELS—Higher for choice following a light business.

Solvay rose 80 to B.Frs.2,380 on announcing an agreement with Belgian glassmakers.

Vieille Montagne advanced 44 to B.Frs.1,520 and Electrobel 60 to B.Frs.6,110, but Cockerill declined 15 to B.Frs.360 and La Royale Belge 60 to B.Frs.5,160.

AMSTERDAM — Stock prices were inclined to harden, although trading was quiet awaiting the *Government's policy statement.*

Hoogovens rose Fls.1.80 among Dutch Internationals, but Philips shed Fl.0.20, while Unilever were unchanged at Fls.120.10.

Elsewhere, Van Ommeren added Fls.0.80, KLM Fls.1.80, and Bijenkorf Fls.1.70, but Amro Bank declined Fls. 1.00 and Nationale Nederlanden Fls.1.10.

State Loans improved.

GERMANY—A firmer bias prevailed, helped by investor response to private Bourse newsletters.

Banks specialising in mortgage business were prominently higher, although the three major Commercial Banks were little changed.

Chemicals recorded advances to DM2.50, as in BASF, but Motors were up to DM4.10 lower, as in Daimler Benz. Siemens added DM2.50 in Electricals.

Public Bond prices were mixed, with movements to DM0.20 in either direction after negligible net intervention by the regulating authorities. Foreign Mark Loans were steady on a small turnover.

VIENNA—Mixed with a slightly firmer bias, but selling pressure in Kabel and Draht left a fall of 10 points. Perlmooser met demand and rose 6 to 286.

COPENHAGEN — Generally lower in active dealings. Provinsbank shed 5½ to Kr.143½.

SWITZERLAND—Aided by a more stable currency market, stocks mostly closed a little firmer after moderate activity.

Utilities advanced on yield considerations. Elsewhere, Sandoz climbed 35 to Sw.Frs.4,010 and Nestle 20 to Sw.Frs.3,630.

Domestic Bonds were a shade harder, while Foreign Bonds moved irregularly.

MILAN — Mixed after thin trading, with the expected Andreotti Government's resignation making no impact.

Pirelli rose 19 to L1,979, Montedison 12 to L140, and Snia Viscosa 6 to L399, but Fiat shed 5 to L1,895.

Bonds were active but finished with narrow irregular movements.

HONG KONG—Stocks picked up across the board in active trading, on a revival of local buying interest, with dealers noting some large orders.

Among Blue Chips, Hong Kong Bank and Jardine Matheson rose 30 cents each to $HK18.50 and $HK11.10 respectively, while Hong Kong Land, $HK6.45, and Swire Pacific, $HK5.20, improved 15 cents apiece. Hutchison Whampoa gained 10 cents to $HK3.525 and Wheelock Marden 5 cents to $HK2.10.

Elsewhere, China Light added 20 cents at $HK19.50 and New World 4 cents at $HK1.34.

JOHANNESBURG—Gold shares were firmer following the higher London fixing, but trading was quiet. Heavyweights rose up to 100 cents.

Financial Minings, however, were mostly easier, while De Beers ended 3 cents down at R5.75, after initially rising to R5.82.

Palamin rose 10 cents to R6.60 in Coppers, and Manganese issue Samancor put on 20 cents to R5.20.

Tins were little tested, while Industrials were narrowly mixed.

TOKYO—Market was closed yesterday for a national holiday.

AUSTRALIA—Prices eased back from a firm start after early cheap buying diminished to leave a rather mixed appearance at the close.

BHP, $A3.40, and Bank of NSW, $A5.20, after touching $A5.26, were both unaltered on balance, although ANZ, aided by the bonus issue, recorded an advance of 15 cents at $A3.35. Myer, in Stores, ended 5 cents down at $A1.55.

Among Mining issues, Utah receded 15 cents to $A3.20 and Coal and Allied 5 cents to $A3.50, but Pancontinental gained 10 cents more to $A11.90 and Central Norseman were similarly higher at $A7.70. *Firm Oils* had Ampol Exploration 2 cents harder at $A1.27.

Gold higher

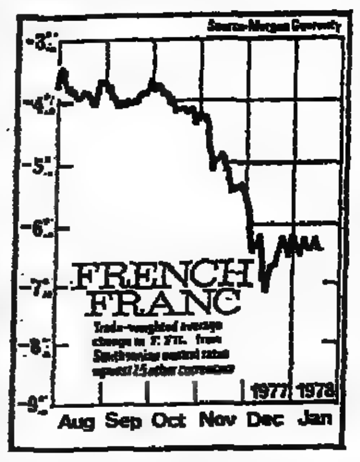
Gold gained $2¾ to close at $175-175½ yesterday, the highest level since April 3, 1975. Trading was moderate with a general buying interest encountering a reluctance to sell. Movements of the dollar in the foreign exchange market were not thought to have influenced demand for the metal.

The dollar showed little change overall against major currencies, with occasional flurries of activity followed by long quiet periods.

News that Saudi Arabia intends to continue accepting dollar payments for oil helped the U.S. currency in early trading, but market reaction was not dramatic. The dollar finished at DM2.1225 against the D-mark, compared with DM2.1215 on Friday, and Sw.Frs.1.9725 in terms of the Swiss franc, compared with SwFrs. 1.9737½ previously.

The dollar's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by Morgan Guaranty of New York, widened slightly to 4.79 per cent. from 4.77 per cent.

Sterling's trade-weighted index, on Bank of England figures, rose to 65.9 from 65.8, after standing at 65.9 at noon and 65.8 in early trading. The pound was slightly weaker against the dollar, however, following publication of the U.K. December trade figures, showing the first visible deficit since July. This resulted in a marking down of sterling by dealers, rather than any heavy selling. The figures were generally regarded as exceptional, and not marking any particular trend. Sterling closed at $1.9275-1.9295, a fall of 40 points on the day.



CURRENCY RATES

	Special Drawing Rights January 16	European Unit of Account January 16
Sterling	0.628870	0.635290
U.S. dollar	1.21309	1.22365
Canadian	1.33870	1.34571
Austria sch.	18.4784	18.6094
Belgian franc	39.8500	40.1964
Danish crone	6.97323	7.03824
Deutschemark	2.57418	2.59785
Dutch guilder	2.74704	2.77200
French franc	5.71062	5.76341
Italian lira	1061.15	1071.43
Japanese yen	—	295.455
Norway krone	6.24741	6.29766
Spain peseta	97.8454	98.6475
Swedish krone	5.66452	5.71639
Swiss franc	2.39707	2.41456

GOLD MARKET

	Jan. 16	Jan. 13
Gold Bullion (a fine ounce)		
Close	$175-175½	$172¼-172¾
Opening	$175¼-175¾	$172¾-173¼
Morning fix'g	$174.45 (£90.418)	$172.40 (£89.579)
Aftern'n fix'g	$174.90 (£90.434)	$172.45 (£89.383)
Gold Coin domestically		
Krugerrand	$180½-182½ (£93½-94½)	$178-180 (£92¼-93¼)
New Sov'gns	$54-56 (£28-29)	$52¼-54½ (£27¼-28¼)
Old Sov'gns	$51½-53½ (£26¾-27¾)	$51-53 (£26-27)
Gold Coins (Internat'lly)		
Krugerrand	$180½-182½ (£93½-94½)	$178-180 (£92¼-93¼)
N'w Sov'gns	$53½-55½ (£27¾-28¾)	$52¼-54½ (£27¼-28¼)
Old Sov'gns	$51½-53½ (£26¾-27¾)	$51-53 (£26-27)
$20 Eagles	$256-259	$254½-257

FOREIGN EXCHANGES

Jan. 16	Bank Rate %	Day's Spread	Close
New York	6½	1.9208-1.9350	[illegible]
Montreal	7½	2.1080-2.1200	2.1190-2.1[illegible]
Amsterdam	4½	4.35½-4.38½	4.3[illegible]
Brussels	5½	62.10-62.40	62.[illegible]
Copenhagen	[illegible]	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]	[illegible]
Madrid	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]
Oslo	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]
Vienna	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]

‡ Rates given are for convertible francs. Financial franc 63.80-63.90.

OTHER MARKETS

[illegible]

Rate given for Argentina is a free rate.

FORWARD RATES

[illegible]

Six-month forward dollar [illegible] 12-month [illegible]

EXCHANGE CROSS-RATES

Jan. 16	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.1180-1205	44.87-46.06	6.460-478	4.089-099	93.63-73	107.65-75
New York	47.13-18	—	21.86-88	3.0485-0557	1.9320-9330	44.22-27	50.70-75
Paris	221.64-2.14	4.7018-7136	—	14.338-362	9.074-094	207.77-8.27	238.00-50
Brussels	15.45-50	32.79-84	6.96-98	—	63.30-39	14.48-52	16.59-65
London	4.083-093	1.9275-9295	9.07-08	63.30-45	—	4.36-37	3.794-804
Amst dam	105.72-77	2.2632-67	48.045-095	6.9025-75	4.3675-3725	—	114.715-765
Zurich	92.768-951	1.9675-9695	41.791-861	5.996-6.005	3.8002-8080	87.028-166	—

U.S. $ in Toronto U.S. $ = 114.58-61 Canadian cents.
(Canadian $ in New York = 91.00-02 cents. U.S. $ in Milan 874.60-4.80.
Sterling in Milan 1689.50-1690.50.

EURO-CURRENCY INTEREST RATES*

Jan. 16	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss franc	W.German mark
Short term	6¼-6⅝	6-7	6¾-7	4⅜-4⅞	par-¼	2½-2⅝
7 days notice	6¼-6⅝	6⅝-7⅛	6⅞-7⅛	4⅜-4⅞	par-¼	2½-2⅝
Month	6⅜-6¾	6⅝-7	7-7¼	4⅜-4⅞	⅝-¾	2¾-2⅞
Three months	6⅜-6¾	6⅞-7¼	7⅜-7⅝	4⅜-4⅞	⅞-1	2¾-2⅞
Six months	6¾-7	7⅜-7⅝	7⅝-7⅞	4⅝-4⅞	1⅛-1⅜	2⅞-3⅛
One year	7¼-7½	7⅝-7⅞	7¾-8	4¾-5	1⅝-1⅞	3⅛-3¼

Euro-French deposit rates: two-day 8¾-9 per cent.; seven-day 9¾-9¾ per cent.; one-month 10¾-10¾ per cent.; three-month 12¾-12¾ per cent.; six-month 12¾-13¾ per cent.; one year 13½-13¾ per cent.

Long-term Eurodollar deposits: two years 8¼-8½ per cent.; three years 8¼-8½ per cent.; four years 8¼-8½ per cent.; five years 8¼-8¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.10-7.20 per cent.; three-month 7.25-7.35 per cent.; six-month 7.55-7.65 per cent.; one-year 7.80-7.90 per cent.

* Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

Indices

NEW YORK —DOW JONES

	Jan. 16	Jan. 13	Jan. 12	Jan. 11	Jan. 10	Jan. 9	1977-78 High	1977-78 Low	Since compilation High	Since compilation Low
Industrial	771.74	775.73	778.16	778.90	781.53	784.56	999.75 (3/1/77)	771.74 (16/1/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	89.75	89.68	89.70	89.69	90.16	90.15	95.67 (7/9)	89.68 (13/1/78)	—	—
Transport	207.66	208.17	207.64	205.63	205.74	208.61	246.64 (18/5)	199.60 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.58	106.65	106.48	106.60	107.04	107.60	118.67 (22/2)	104.97 (25/8)	165.42 (20/4/69)	10.58 (28/4/42)
Trading vol 000's †	18,760	18,010	25,750	22,880	25,180	27,880	—	—	—	—

* Basis of index changed from August 24.

Ind. div. yield %	Jan. 13	Jan. 6	Dec. 30	Year ago (approx.)
	5.93	5.80	5.53	4.21

STANDARD AND POORS

	Jan. 16	Jan. 13	Jan. 12	Jan. 11	Jan. 10	Jan. 9	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	95.44	96.74	96.85	96.76	96.27	96.86	118.92 (3/1/77)	95.44 (16/1/78)	134.54 (11/1/73)	3.52 (30/6/32)
Composite	89.43	89.89	89.82	89.74	90.17	90.66	107.00 (3/1/77)	89.43 (16/1/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 11	Jan. 4	Dec. 28	Year ago (approx.)
Ind. div. yield %	5.18	4.95	4.90	3.77
Ind. P/E Ratio	8.65	9.01	9.13	11.21
Long Govt. Bond yield	8.19	8.04	9.02	6.81

N.Y.S.E. ALL COMMON

Jan. 16	Jan. 13	Jan. 12	Jan. 11	1977-78 High	1977-78 Low
49.40	49.57	49.60	49.52	57.07 (4/1/77)	49.40 (16/1/78)

Rises and Falls

	Jan. 16	Jan. 13	Jan. 12
Issues traded	1,869	1,838	1,834
Rises	456	747	795
Falls	960	605	504
Unchanged	453	486	485
New Highs	4	—	13
New Lows	93	—	86

MONTREAL

[illegible]

TORONTO Composite

[illegible]

JOHANNESBURG Gold / Industrial

[illegible]

	Jan. 16	Pre-vious	1977-78 High	1977-78 Low
Australia	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]
Germany	[illegible]	[illegible]	[illegible]	[illegible]
Holland	[illegible]	[illegible]	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]
Singapore	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]
Switzer'ld	[illegible]	[illegible]	[illegible]	[illegible]

Indices and base dates (all base values 100 except NYSE All Common — 50 Standard and Poors — 10 and Toronto 300-1,000, the last named based on 1975). [illegible]

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ○ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. ‡ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after [illegible]

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—69¾% (68%)

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ♦

[illegible]

AMSTERDAM

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

TOKYO ¶

Jan. 13	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	[illegible]	−1	14	2.2
Canon	456	+15	12	1.4
Casio	[illegible]	+17	25	[illegible]
Chinon	590	−5	30	2.5
Dai Nippon Print	528	[illegible]	18	1.7
Fuji Photo	500	+8	15	1.5
Hitachi	189	+3	12	[illegible]
Honda Motors	400	+24	18	[illegible]
[illegible]				

Source Nikko Securities Tokyo

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ●

[illegible]

MILAN

[illegible]

AUSTRALIA

Jan. 16	Aust. $	+ or −
ACMIL (25 cent)	†0.75	+0.05
Acrow Australia	†0.80	......
Allied Mfg-Trdg. Indus $1	†2.25	......
Ampol Exploration	†1.27	+0.02
Ampol Petroleum	†0.79	......
Assoc. Minerals	†0.88	−0.02
Assoc. Pulp Paper $1	†1.00	......
[illegible]		

PARIS

[illegible]

STOCKHOLM

[illegible]

OSLO

[illegible]

BRAZIL

[illegible]

Vol. 114.6m. Shares 43.3m.
Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

Securities Rand Discount [illegible]

SPAIN ▼

[illegible]

...top 'green ...' move, ...MPs urged

...Our Consumer Affairs ...rrespondent

... WERE urged yesterday by ...ps representing consumers ...food manufacturers to resist ...immediate devaluation of ...'green pound."

...od producers and consumers ...no such move should be ...ed except as a bargaining ...ter in the campaign to ... about fundamental ...ges in the structure of the ...mon Agricultural Policy.

...e Conservatives plan to call ... vote on devaluation in the ...nons next week.

... a joint statement, repre...tives of 19 British consumer ...nisations called on the ...rnment to oppose any pro...s to devalue the "green ...d" unless this was accom...d by a guarantee of lower ...ort prices.

...y also rejected the Com...on's proposals for increases ...e prices of commodities ... are already in surplus, ...dairy products, sugar and ...y.

... same line was taken by ... organisations representing ...processors—the Cake and ...t Alliance, the Cocoa, ...late and Confectionery ...ce, and the Food Manufac...' Federation. An imme... devaluation of the "green ...d," they said, would be ...ptionally untimely" in ... of the need to reduce the ... of inflation and contain ...re for wage increases.

...ea pact talks ...art in June

...Our Commodities Staff

...MPTS TO formulate an ...ational tea pact are to ... this summer following a ...inary five-day meeting in ...a. The U.N. Committee ...rade and Development ...TAD) convened the ...a meeting as part of the ...ated programme for ...sing commodity prices.

... the meeting leading tea ...ing and importing coun... agreed that they must ... every effort to negotiate ...reement to regulate inter...al trade in tea as soon ...sible.

...a result, an international ...f experts will meet in ... in June to discuss ... of an eventual pact.

...n depth study of the tea ...t is being prepared jointly ... secretariats of UNCTAD ...e U.N. Food and Agricul... Organisation (FAO). Its ...ations will be considered ... experts who will report ...econd meeting in October.

Holland seeks action on U.K. potato import ban

BY CHARLES BATCHELOR

AMSTERDAM, Jan. 16.

HOLLAND has asked the Common Market Commission to lift the British Government's ban on imports of potatoes. The Foreign Ministry in The Hague said it protested to the Commission on January 12 but that it had not yet had any reaction.

The Dutch, who are the largest exporters of potatoes in the EEC, are particularly incensed at the British measure. The Dutch protest in Brussels came after the Potato Marketing Board in the Hague sent a telegram to Alfons van der Stee, the Minister of Agriculture.

The British ban has also been brought to the attention of the Dutch Parliament. The ban contravenes EEC regulations on free trade and also the conditions for British admission to the Community, the Dutch Agriculture Ministry said.

Holland exported 199,000 tonnes of maincrop ("old") potatoes to the U.K. in the 1976-1977 selling season, or more than 20 per cent. of its total exports. Exports to Britain in the previous season were 285,000 tonnes out of a total of 790,000.

The U.K. permitted the import of maincrop potatoes from July 1975 to July 1977 to bring down the high prices which resulted from poor harvests. Since July last year, only early potato imports have been allowed.

The return to normal harvests within the EEC after two bad years and an expansion of the area sown in Holland means Dutch potato growers are more dependent on exports than ever, Dr. E. Van Beukering, chairman of the Marketing Board, said in a New Year message.

Free trade

Christopher Parkes adds: The British Government rejects the Dutch charges that it has broken the EEC rules on free trade. The Ministry of Agriculture claims that Article 60(2) of the Treaty of Accession gives the Government the right, in the absence of a Community marketing regime for potatoes, to continue with the normal procedures of any existing national regime.

An import ban is a regular feature of the British marketing year. The Ministry decided to retain the ban late last year in an attempt to bolster the confidence of potato producers who had flooded the market with supplies. Fearing imprts from Holland, France, and elsewhere in the new year they had rushed to sell their crops, glutted the market and pushed prices down to uneconomic levels.

However, neither the ban nor a month of support buying last autumn had any discernible effect on marketing or prices.

In a fresh bid to stabilise the trade and push prices up again the Ministry of Agriculture announced yesterday that it had agreed, following an appeal last week from the Potato Marketing Board, to start support buying again.

The PMB, which already holds more than 500,000 tonnes from its last intervention in the market, and has started selling those at less than half current prices for feeding to animals, said it could take in another 1m. tonnes if necessary.

However, support buying on such a scale is not thought to be necessary. The PMB still feels that the true surplus of potatoes is no more than 150,000 tonnes.

Any other supplies bought in will probably be stored and then released back on the normal food market later in the season.

New dollar market for coffee

By Our Commodities Staff

DEALERS REPORTED "good interest" in the new dollar-based London Arabica coffee contract when it started trading yesterday. But the business was confined to local traders with U.S. and Continental operators remaining on the sidelines.

The first trade was at $222.30 per 50 kilos for April delivery; slightly above present prices for physical coffee. By the close of business 211 lots of 250 bags had changed hands.

London trade sources said they are hopeful that the new market will succeed where several earlier London Arabica contacts have failed. The dollar quotation per 50 kilos and 250-bag lot size mean that the contract is directly comparable with existing Arabica markets they said.

Interest in the London market may also be encouraged by the disenchantment of U.S. operators with the New York market because of increasing interference by the Commodity Futures Trading Commission.

Prices rose on the London Robusta coffee market with the March position climbing £45.5 to £1,842.5 a tonne. Dealers said there were no new fundamental developments affecting sentiment and the rise was due mainly to lack of selling.

West German grinding of cocoa ahead

By Our Commodities Staff

COCOA PRICES on the London futures market moved lower yesterday despite the announcement of a bigger-than-expected rise in West German grindings during the final quarter of 1977. West German October/December cocoa bean consumption had been forecast at unchanged to 5 per cent. higher compared with the 1976 fourth quarter but the figure announced by the German Confectionery Industry Association was up 6.7 per cent. at 41,187 tonnes. The total for the whole of 1977 was 142,293 tonnes, 1.2 per cent. higher than in 1976.

The announcement had no lasting effect on London market sentiment although it may have delayed the downward move which developed in the afternoon taking the May position down £32.5 to £1,578 a tonne. Dealers attributed the decline to heavy selling by a leading trade house, possibly reflecting buying of Ivory Coast cocoa.

The U.K. Ministry of Agriculture said U.K. grinding figures for the fourth quarter of 1977 would not be published this week.

EEC FISH REGIME

Danes like existing fisheries policy

BY HILARY BARNES IN COPENHAGEN

TWO-THIRDS of the fish caught in EEC North Sea waters come from the British zone, but only about a third of the catch from this zone is made by British vessels. Denmark has one of the largest fishing fleets and fishing industries in the EEC, but catches almost two thirds of the fish in other people's North Sea waters—mainly British.

This is the basic fact which has made Denmark and Britain the chief antagonists when it comes to trying to arrive at agreement on an EEC fisheries policy.

The basic point is complicated by several others. The U.K. catch is mainly for human consumption, but Denmark has developed a large fishmeal industry—which exports a high proportion of its output and also sustains large mink and poultry industries at home. Over 80 per cent. of the Danish fish catch is not suitable for human consumption.

While the U.K. has traditionally had a large distant water fleet, now prevented from fishing in many areas to which it used to have access, the Danish fleet has only a handful of vessels for distant water fishing and most of its operations are in the North Sea, the Baltic and the Skaegerak and Kattegat.

In short, Denmark has a strong interest in the preservation of the principle of the EEC fisheries policy laid down shortly before the Six became the Nine—a policy based on equal access for Community vessels to all Community waters and fishing on equal terms for national and other Community vessels. The U.K. has an equally strong interest in a revision of Community policy to give its fishermen a bigger share of the catch in its own waters, partly to compensate for loss of distant water fishing and also to cut back on industrial fishing so as to improve the yield of prime fish.

There are about 15,000 Danish fishermen of whom about 11,700 are permanently employed. The total salt-water catch is about 1.8m. tons, of which 300,000 tons is for human consumption. Exports of fish and fish products total about 650,000 tons. The industry produces about 330,000 tons of fishmeal, 95,000 tons of fish oil, 125,000 tons of fillets and 42,000 tons of hermetically-sealed processed products (such as frozen fish fingers).

The total value of the Danish catch in 1976 was about Kr 1.7bn. (£152m.) and exports of fish and fish products were worth about Kr.3.1bn. (£279m.) or 5 per cent. of Denmark's total exports. The value of the catch in 1977 was at least 25 per cent. higher than in 1976, but the yield in tons was down by 2 per cent., according to provisional estimates.

Last year was in fact a very good year for the fishermen and a reasonable year for the processing industry. Problems were caused by catch failures for specific species, particularly herring, subject to a North Sea ban for half the year, which put workers out of jobs in the North Jutland ports of Skagen and Hirtshals.

The processing industry (consumer fish) also suffered because the high prices meant that more raw fish was exported.

The Danes are adamant that they cannot accept the British proposal for a "dominant preference zone" between 12 and 50 miles. This, said Mr. Svend Jakobsen, the Fisheries Minister, would award the U.K. property rights to all the fish in its waters and is in direct conflict with EEC policy. An acceptable solution for the Danes means that the U.K. would have to translate its dominant preference ideas into quota proposals.

The Danes are prepared to make concessions, said Mr. Jakobsen. This means in effect that thhey are prepared to accept restrictions on industrial fishing if it is damaging to the prime fish catch and stocks. "But at some point the negative effect on consumer fish is so small that it is unreasonable to stop industrial fishing," he said.

A case in point is the pout box ban, which stopped a Danish fishery worth about Kr.150m. to save a haddock fishery worth about Kr.3m. Britain, of course, would not accept these Danish figures. It depends how the calculation is made.

Nor are the Danes willing to cut their industrial catch if it is merely going to benefit other countries, said Mr. Jakobsen. And he noted that a new 50,000 tons a year fishmeal plant was being established at Aberdeen.

Lead falls on Asarco settlement

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD PRICES fell sharply on the London Metal Exchange yesterday following confirmation that workers at Asarco's lead-zinc plants had reached tentative agreement on a new three-year labour contract.

Cash lead closed £7.75 down at £351.75 a tonne following speculative profit-taking and selling. Zinc values were forced lower in sympathy, with the cash price declining by £3.5 to £270.5 a tonne.

Tin prices also lost ground. Standard grade cash tin fell by £82.5 to £6,222.5 a tonne, moving below the three-months quotation which closed £71 down at £6,225.50.

The market was depressed by a lower trend in Malaysian tin prices over the week-end, which brought out stop-loss speculative selling once prices moved lower. Three months was forced below £6,200 at one stage before rallying on some covering of previous sales.

Copper too came under pressure, after opening on a firm note. Cash wirebars closed £3 down at £658.75 a tonne, but there is apprehension that a further fall in New York could unleash a burst of stop-loss selling.

As expected copper stocks held in LME warehouses rose by 850 tonnes to a record total of 641,325 tonnes. Lead stocks were also up by 100 to 66,675 tonnes. Tin stocks fell by 80 to 4,355 tonnes and zinc by 25 to 64,025 tonnes. LME silver holdings increased by 560,000 to 20,250,000 ounces.

● The strike at Cerro Copper products' 42,000 ton-per-year secondary copper refinery and tube mill at East St. Louis, Illinois, ended last night

Zinc output cuts urged

BY OUR COMMODITIES EDITOR

A BROAD hint that zinc producers should cut output still further in 1978 was delivered by the International Lead and Zinc Study group yesterday.

A meeting of the group's standing committee in London expressed its concern at the "continuing serious international situation in zinc." In particular it noted that there had been a decline in world zinc metal consumption during 1977 without a decrease in world production.

Member governments of the Study Group were, therefore, asked to review their production and consumption forecasts for zinc in 1978.

The Study Group, which represents lead-zinc exporting and importing countries, warned at its annual meeting last September in Geneva that over-supply of zinc had built surplus stocks up to an unprecedented level of 1.2m. tonnes. It was decided to review the situation again in January.

As feared demand has remained below production levels despite the very depressed price levels. The European producer price was cut twice in 1977 from $795 to $600 a tonne, and has been effectively "devalued" further since by the fall in the dollar.

City institutions 'will buy more farms'

BY CHRISTOPHER PARKES

FINANCIAL institutions, whose interest in farm land is being presently investigated on the orders of the Minister of Agriculture, are increasing their holdings more rapidly than any other institutional buyer. And, according to a report* just published by the Centre for Agricultural Strategy at Reading University, they seem likely to go on buying more land in the future.

Public and semi-public institutions now own about 11 per cent. of all freehold farming and forest land in the U.K.

The insurance companies, pension funds and property unit trust, on the other hand, own only a tiny fraction—150,000 hectares—of the country's total of 21m. hectares of farms and forests.

Central Government departments—including the Minister of Agriculture—held the titles to 377,00 hectares, or five times as much. Local authorities own 357,000 hectares, and even the Crown, with 167,000 hectares, owns more than financial institutions.

The authors say there is no cause for concern about the increase in institutional land ownership. "Indeed, there may be some real advantages if it leads to increased investment in agriculture," they comment.

But there is still a great shortage of information about land ownership in Britain and the extent to which the different types of landlord look after the land and develop holdings.

This makes the formulation of "sensible and soundly-based" policies affecting farm structure virtually impossible. And for this reason, the authors claim, "the social consequences and effects on agricultural productivity of different forms of land tenure" need to be examined urgently.

*Landownership by public and semi-public institutions in the United Kingdom, £1.75, post free. Centre for Agricultural Study, University of Reading, Earley Gate, Reading RG6 2AT.

...MMODITY MARKET REPORTS AND PRICES

...SE METALS

...R—Lower on the London Metal ...e, initially influenced by the ...s of the lead market. Liquidation ...morning rings took the price down ... opening of £678 to £672.5, before ... emerged to cause an advance to ...ese levels could not hold and with ... [illegible] ...earlier in the afternoon. London ...between £673 and £670, closing on ... the Kerb at £670.5. Turnover [illegible] tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £660, 59.5, three months £675, 74, 73, 73.5, 73, 72.5, 73, 73.5, 74. Cathodes, three months £663. Kerb: Wirebars, three months £674, 74.5, 75, 74.5. Afternoon: Wirebars, three months £672, 72.5, 73, 73.5. Cathodes, cash £649.5, three months [illegible]

[illegible]

Morning: Standard, cash £6,240, 50, 45, three months £6,236, 20, 15, 20, 25, 30, 40, 35. Kerb: Standard, three months £6,240, 45, 50, 45. Afternoon: Standard, cash £6,250, 40, 25, three months £6,245, 40, 35, ... High Grade, cash £6,235. Kerb: Standard, three months £6,215, 10, 05, £6,200, £6,190, 90, 90, 85, 90, 95, £6,200, 10.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6240-5	—75	6220-30	—80
3 months	6240-5	—60	6230-40	—80
[illegible]				

[illegible]

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	[illegible]			
3 months	[illegible]			
Sett'ment	[illegible]			
N.Y. Spot	[illegible]			

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	[illegible]			
3 months	[illegible]			
S'ment	[illegible]			
Prim. Wst	[illegible]			

SILVER

[illegible]

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	[illegible]			
3 months	[illegible]			
6 months	[illegible]			
12 months	[illegible]			

[illegible]

... [illegible] ...lex Limited 01-351 3466. ...ont Road, London SW10 0HS.

May cocoa 1574-1583.

COFFEE

Robustas were steady throughout the day in mostly quiet conditions, reports Drexel Burnham Lambert. Dealers said the steadiness was attributable principally to dealer short-covering which hit off some stop-loss buying. The market closed at the highs up to £60 above Friday's [illegible]

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	[illegible]		
March	[illegible]		
May	[illegible]		
July	[illegible]		
September	[illegible]		
November	[illegible]		
January	[illegible]		

[illegible]

GRAINS

[illegible]

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Jan.	[illegible]		[illegible]	
Mar.	[illegible]		[illegible]	
May	[illegible]		[illegible]	
Sept.	[illegible]		[illegible]	
Nov.	[illegible]		[illegible]	

[illegible]

COCOA

Long liquidation in dull conditions saw values ease to close weakly at the day's lows, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No.6 Con'ct			
March	[illegible]		
May	[illegible]		
July	[illegible]		
Sept.	[illegible]		
Dec.	[illegible]		
March	[illegible]		
May	[illegible]		

Sales: [illegible]

... nil, nil (35.25, nil, nil, nil); Durum wheat—117.04, nil, nil, nil (117.04, nil, nil, nil); Rye—74.00, nil, nil, nil (74.00, nil, nil nil); Barley—77.35, nil, nil, nil (77.35, nil, nil, nil); Oats—[illegible], nil, nil, nil ([illegible], nil, nil, nil); Maize (other than hybrid for seeding)—78.00, nil, nil, nil (78.00, nil, nil, nil); Buckwheat—All nil (all nil); Millet—72.44, nil, nil, nil (71.78, nil, nil ...) [illegible]

RUBBER

[illegible]

SUGAR

[illegible]

SOYABEAN MEAL

[illegible]

WOOL FUTURES

[illegible]

JUTE

DUNDEE—Firm but no prices quoted. Calcutta goods firmer. Quotations c. and f. U.K. for Jan. shipment: 10-ounce 40-inch £10.23, 7½-ounce £7.90 per 100 yards; Feb. £10.38 and £7.97; March £10.51 and £7.94. "B" twills £30.41, £30.96 and £31.50 for the respective shipment periods. Yarns and [illegible]

VEGETABLE OILS

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

Prices per tonne unless otherwise stated.

	Jan. 12 1978	+ or —	Month ago
[illegible]	[illegible]	[illegible]	[illegible]

INDICES

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

Soyabeans grains and copper slip

NEW YORK, Jan. 16.

ALTHOUGH GOLD advanced, soyabeans, soyabean meal and soyabean oil all fell sharply, partly as a result of technical market factors in Chicago. News of the record U.S. maize harvest depressed wheat as well as feed grains. Copper was weaker in all forward positions. Cocoa fell in line with the movement in London, our staff reports.

Cocoa—March 143.15 (144.10), May 131.15 (132.00), July 126.30, Sept. 123.65, Dec. 120.45, March 117.85, May 116.10 setts. Sales, 838.

Coffee—"C" Contract: March 201.00-201.50 (196.05), May 187.00-187.25 (184.23), July 176.65-178.90, Sept. 171.50-172.50, Dec. 150.00, March 152.50-153.00, May unquoted. Sales, 355 lots.

Copper—Jan. 58.50 (59.40), Feb. 58.70 (59.60), March 59.10, May 60.00, July 61.00, Sept. 62.00, Dec. 63.40, Jan. 63.90, March 64.90, May 65.70, July 66.60, Sept. 67.50 setts. Sales, 4,700 lots.

Cotton—No. 2: March 55.25-55.34 (55.37), May 56.40-56.45 (56.58), July 57.56-57.60, Oct. 58.50-58.80, Dec. 59.00, March 59.80-54.90, May 60.40-60.50. Sales, 315,000 bales.

*Gold—Jan. 175.60 (174.90), Feb. 176.30 (175.50), March 177.40, April 176.70, June 181.30, Aug. 183.60, Oct. 186.30, Dec 188.90, Feb. 191.60, April 194.30, June 197.10, Aug. 199.90, Oct. 202.70 setts. Sales, 7,332 lots.

†Lard—Chicago loose 20.50 (20.25). New York prime steam 21.25 traded.

‡Maize—March 222-222½ (233½), May 226-227 (228), July 228½-229, Sept. 229, Dec. 230½-231, March 238.

§Platinum—April 201.30-202.00 (201.00), July 205.70-205.90 (204.70), Oct. 209.50-205.60, Jan. 213.40-213.60, April 217.20-217.40. Sales, [illegible] lots.

¶Silver—Jan. 495.10 (493.70), Feb. 499.90 (500.20), March 503.10, May 509.90, July 516.80, Sept. 523.70, Dec. 534.30, Jan. 537.80, March 544.90, May 552.00, July 559.20, Sept. 566.40 setts. Sales, 9,000 lots. Handy and Harman spot bullion 496.50 (489.50).

Soyabeans—Jan. 579½ (593½), March 586-587½ (601½), May 593-594, July 599½-600, Aug. 598-599, Sept. 590, Nov. 575-574, Jan. [illegible]

‖Soyabean Meal—Jan. 156.50 (161.80), March 157.00-157.50 (161.70), May 160.30, July 163.30, Aug. 164.20-163.50, Sept. 161.20-161.30, Oct. 159.00-159.50, Dec. 161.00-161.50.

Soyabean Oil—Jan. 20.80-20.78 (21.21), March 20.93-20.95 (21.30), May 21.08-21.03, July 21.15, Aug. 21.15-21.10, Sept. 20.70, Oct. 20.10-20.15, Dec. 20.05, Jan. 20.00-20.10.

Sugar—No. 11: March 9.31-9.32 (9.34), May 9.71-9.72 (9.77), July 9.93-9.94, Sept. 10.14-10.15, Oct. 10.25-10.26, Jan. 10.55 nom., March 10.80-10.85, May 11.05-11.06. Sales, 1,975.

Tin—552.00-560.00 asked (560.50 asked).

**Wheat—March 268-272 (278½), May 275-276 (283½), July 281-282, Sept. 287-287½, Dec. 298, March 307.

WINNIPEG, Jan. 16. ††Rye—May 108.50 (108.00), July 106.90 asked (106.40), Oct. 107.90 nom., Nov. 109.00 nom.

††Oats—May 76.00 (76.00 bid), July 73.80 asked (75.30 asked), Oct. 73.80 asked.

‡‡Barley—May 77.80 (78.00), July 76.10 asked (76.60 asked), Oct. 75.10 asked.

§§Flaxseed—May 212.00 (213.60 bid), July 214.40 asked (215.20 asked), Oct. 215.10 asked, Nov. 220.00 asked.

Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 393½.

All cents per pound ex-warehouse unless otherwise stated. $s per troy ounce—100 ounce lots. †Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime Steam f.o.b. NY bulk tank cars. ‡ Cents per 56 lb. bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 ounce units of 99.9 per cent. purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb. bushel in store. †† Cents per 24 lb. bushel. ‡‡ Cents per 48 lb. bushel ex-warehouse. §§ Cents per 56 lb. bushel, ex-warehouse, 1,000 bushel lots.

STOCK EXCHANGE REPORT

Long gilts unsettled by disappointing trade returns

Leading equities neglected and index falls 6.7 to 474.2

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 3	Jan. 12	Jan. 13	Jan. 24
Jan. 16	Jan. 26	Jan. 27	Feb. 7
Jan. 30	Feb. 9	Feb. 10	Feb. 21

* "New time" dealings may take place from 9.30 a.m. two business days earlier

Stock markets made a disappointing start to the new Account yesterday with buyers preferring to stay on the sidelines ahead of this week's economic indicators. Long-dated British Funds, already uncertain ahead of the December trade returns, turned down in inter-office business on figures which were well below expectations. Loose stock was about all day in short-dated maturities, mainly reflecting tight money conditions, and widespread falls to ½ in this area were responsible for a loss in the Government Securities index of 0.07 to 77.48, or 1.10 down on its January 3 level. Some nervousness was also being felt about the money supply figures due to be announced on Thursday.

Leading equities were also dull all day in the continued absence of buyers. The volume of business slackened as measured by official markings of 6,474 as compared with the week-ago 6,868, and the FT 30-share index closed with a fall of 6.7 at 474.2, its lowest since December 19.

Some outstanding features, both good and bad, again centred on second-line stocks which were reflecting actual and potential bids and trading statements. Rises and falls in FT-quoted equities were evenly matched, although the broad-based FT-Actuaries indices generally eased with the three main measures all falling by about one per cent.

A rise of 4.3 to 143.4 in the Gold Mines index was helped by firm bullion, up $2¾ at $175⅜ an ounce, and by a further improvement in the investment currency premium.

Gilts volatile

A volatile day in British Funds culminated with a distinctly dull trend in dealings after the official close. Separate ways were established immediately at the opening with the longer maturities extending Friday's upturn, often by ¼, but the shorts easing on money tightness and an adequate stock supply situation. Apprehensions regarding the December trade returns subsequently brought the longs back but the losses, which approached ¼ net among high-coupon stocks, were regained just before the announcement of last month's trade balance. This disappointed and led to an immediate lowering of half-point at the longer end, but cheap buyers appeared and quotations reverted to Friday's list levels before reacting finally in the late trading. Rallies in the shorts were almost non-existent and the tone here was especially dull with falls extending to ½ being apparent in the after-hours' business. Corporations resisted the easiness and gained ¼ in places, while Southern Rhodesian bonds marked time despite favourable comment on the current peace talks.

The presence of buyers, particularly on institutional account, was more noticeable yesterday than for some time past in the investment currency market and with sellers reluctant the premium recovered further to close a net 1¾ points higher at 69¾ per cent. Yseterday's SE conversion factor was 0.7953 (0.8031).

Anz firm

The major clearing Banks drifted lower with the general trend. Lloyds lost 5 at 285p as did Barclays at 337p. Among overseas issues, ANZ moved up 8 to 245p on the capital proposals and accompanying dividend forecast.

Insurances failed to attract much business and subsequently reacted. General Accident finally lost 6 to 230p as did Guardian Royal Exchange to 244p, while Royals gave up 9 at 403p and Sun Alliance 14 at 580p.

Breweries showed modest falls after a light trade. Allied finished 1½ easier at 83p xd, and Bass Charrington 2 down at 150p. Elsewhere, Distillers came back 3 to 165p following Press comment on the company's marketing plans. Amalgamated Distilled Products, however, improved 3 to 39p on Press comment.

Liner Concrete Machinery stood out in Buildings with a jump of 7 to 37p following news of the bid approach. Manders, at 93p, recorded a Press-inspired improvement of 3, while Ellis and Everard were similarly dearer at 97p. Howard Shuttering, on the other hand, fell 6 to 26p on the first-half profits setback, while Magnet and Southerns cheapened 3 to 190p ahead of to-morrow's interim figures. International Timber shed 4 to 127p as did Richard Costain to 264p.

The disappointing first-half profits and the chairman's gloomy remarks about second-half prospects prompted a sharp fall in Allied Colloids, which closed 15 down at 70p. Elsewhere in Chemicals, ICI touched 332p before ending 6 lower on balance at 334p.

Thorn ease afresh

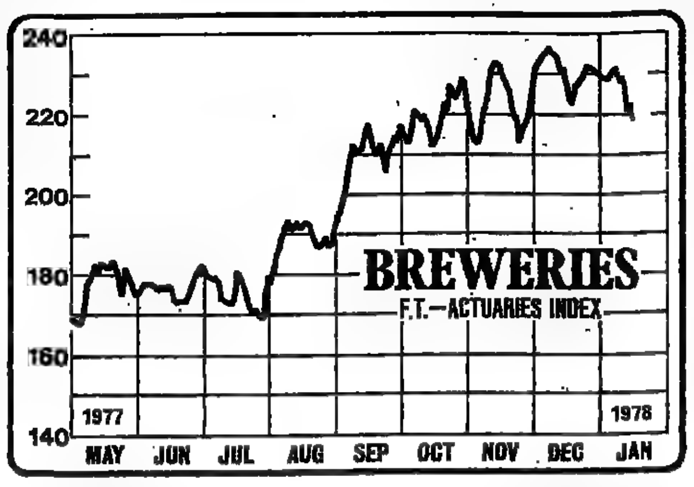
Still reflecting the profits warning, Thorn Electrical remained an uneasy market and gave up 4 more at 334p. Other leading Electricals to give ground included GEC, a similar amount cheaper at 262p, EMI, 3 lower at 177p, and Plessey, 2 off at 89p. Elsewhere, R. and A. G. Crossland featured with a jump of 9½ to 36½p in response to the bid approach. Other bright spots included H. Wigfall, up 10 at 163p, and Electronic Machine, which firmed 2 to 23p. On the other hand, Decca fell 17 to 483p in a restricted market, while Electrocomponents, 339p, and Dale Electronic, 151p, shed 7 and 4 respectively.

Afternoon details of the encouraging retail sales figures for December cushioned the falls in leading Stores. Mothercare closed 4 off at 178p and Gussies A gave up a similar amount at 290pxd, while UDS cheapened 2½ to 88p and Marks and Spencer 2 to 132p. Elsewhere, Allied Retailers receded 6 to 179p ahead of to-morrow's interim results. Martin the Newsagent, however, rose that much to 234p. Among Shoes, *Strong and Fisher relinquished 4 at 66p.*

Apart from John Brown, which firmed 5 to 239p on Press mention ahead of the interim results, due shortly, the Engineering leaders were inclined easier. Tubes gave up 4 at 382p and GKN were a few pence lower at 265p. Elsewhere, Blakey's hardened a penny more to 43p compared with the proposed bid of 41p cash per share from Centreway Securities, but adverse Press mention left Spear and Jackson 2 cheaper at 118p. Brown and Tawse were favoured at 98p, up 4, while similar improvements were seen in Pegler Hattersley, 170p, and Wolseley Hughes, 192p. Alcan Aluminium (U.K.) 9 per cent. Convertible rose 23 points to £139 following the much improved results, dividend forecast and conversion details. By way of contrast, Adwest came on offer at 264p, down 6. Green's Economisers, 80p, and Simon Engineering, 205p, fell 4 and 5 respectively, while Wellman ended ½ easier at 49p, after 51p, following the interim results. Among Shipbuilders, Vosper moved up 4 to 154p on renewed compensation hopes.

J. B. Eastwood became a prominent dull feature in Foods, falling 7 to 99p on the poor interim statement. British Sugar, a firm market of late, eased 25 to 475p, while Rowntree Mackintosh, 408p, and Bernard Matthews, 142p, lost 4 and 5 respectively. Spillers, at 31½p, gave up 1½ of Friday's Press-inspired gain of 2, while losses of 5 were seen in Linfood, 155p, and Hillards, 225p. British Vending contrasted with a rise of 2½ to 33p with the help of Press mention. Associated Fisheries moved up 3 to 61p on hopes that Britain *will be allocated a larger slice of* the EEC fish resources. Other firm spots included J. Bibby, 4 better at 216p, and Bluebird Confectionery, up 6 more to 159p.

Brent Walker were active and 3 higher at 41p following revived speculative interest.



ICL good

Miscellaneous Industrial leaders were near the day's lowest following the disappointing December trade figures. Turner and Newall, 199p, Metal Box, 302p, and Reckitt and Colman, 419p, all closed 8 lower, while Beecham shed 7 to 645p and Unilever 6 to 520p. Glaxo cheapened 5 to 585p and Rank Organisation were 4 off at 260p; the latter's preliminary results are due next Monday. Elsewhere, ICL were contrastingly noticeable for a gain of 14 to 268p, after 270p, on investment buying following an encouraging Press on the group's annual report. European Ferries were firm at 113p, up 4, reflecting comment about the planned £20m. Thames-side office development project, while Wilkinson Match, at 202p, recorded a Press-inspired improvement of 5. A strong market last week on bid approaches, London Pavilion moved up 30 more to 390p on news that Mr. Victor Sandelson had bid 350p per share. Fairbairn Lawson added 4 at 59p after acquisition details. Harris Lebus were 5 dearer at 62p and Robert McBride gained 20 to 330p in a thin market. Renwick added 3 at 44p, but Madame Tussauds cheapened 2½ to 59½p as hopes faded of a higher offer from ATV. Centreway Securities were quoted ex-scrip, at 183p, to the new 11 per cent. Preference issue; the latter opened at 99½p and closed at 101½p.

Dealings were resumed yesterday in Pride and Clarke following the offer from Inchcape; the shares opened at 522p and closed at 515p after a fair turnover, compared with the pre-suspension level of 267p and Inchcape's cash alternative offer of 525p a share. P and C's 4.9 per cent. Cumulative Preference shares were marked up 13 to 80p, while Inchcape closed 3 cheaper at 362p. Turner Manufacturing, at 97p, recouped 2 of Friday's reaction of 7 which followed the results. Braid moved up 3½ to 43½p on the increased earnings, while Press comment was reflected in both T. Cowie, 2 up at 45p, and Associated Engineering, 2½ harder at 124p. Heron Motor hardened 2 to 95p in front of to-morrow's interim figures, while other firm spots took in Dowty, 4 better at 171p, and Adams and Gibbon, 6 to the good at 89p. Lucas Industries, however, contrasted with a fall of 7 to 265p in line with other leading shares.

Weak recently on the downgrading of the Claymore and Piper North Sea oil reserves, Thomson remained unsettled and fell a further 19 to 625p. Daily Mail A receded 3 more to 330p in sympathy. *In Paper/Printings,* Mills and Allen International rose 7 to 122p in response to renewed speculative support.

Oils quiet

Activity in the Oil leaders lessened considerably with British Petroleum, 808p, and Shell, 508p, retreating 6 and 7 respectively. Royal Dutch, however, improved ¼ to £36½ helped by dollar premium influences. Revived speculative demand raised Siebens (U.K.) 8 to 298p, but Oil Exploration remained a poor market and gave up that amount at 268p. Overseas issues were noteworthy for a fresh rise of ⅜ to £15⅜ in Ranger Oil.

Property leaders gave ground and the easier trend continued in the late dealings. Land Securities ended 4 lower at 220p and MEPC 3 cheaper at 127p, while English recorded a fall of 1½ at 43p. Elsewhere, Midhurst Whites responded to favourable week-end Press mention with a rise of a penny to 35½p. Regalian, too, were in demand again ahead of Friday's annual results and put on 2 further to 15p. McKay Securities moved up 5 more to 185p, while Dorrington improved afresh to 61p on speculative demand before settling at 59½p for a net rise of 2. Carrington, 94p, and Fairview Estates, 106p, rose 3 apiece. In contrast, Great Portland drifted back 4 to 320p and Stock Conversion eased a few pence to 258p.

BET Deferred, 6 off at 108p, were exceptionally dull in lack-lustre Investment Trusts; the interim figures are due on Thursday. Financials were notable only for a reaction of 5 to 95p in Kakuzi after the interim figures.

In Shippings, Furness Withy reacted 5 to 342p but Walter Runciman edged up 3 to 109p on yield considerations.

Textiles had two principal contrasting movements in RKT, up 5 at 77p, and John Bright, 3 cheaper at 39p.

London Sumatra stood out in Plantations with a rise of 9 to 89p on small buying in a thin market, but Guthrie declined 6 to 211p with the equity leaders.

Financials were again featured by the strength of Gold Fields, which touched 198p, prior to closing 5 better on balance at 197p; shares in the group's 49 per cent. owned GFSA climbed a half-point more to £11½. In addition to the recent upward trend in both bullion and Gold shares continuing bid speculation was again reported.

Favourable Press comment lifted Platinums. Rustenburg were 4 higher at 75p as recent heavy selling from overseas dried up. Bishopsgate hardened 2 to 68p.

Rio Tinto-Zinc weakened 6 more to 174p following chartist selling and the general dullness of U.K. equities.

Golds move ahead

South African Golds pushed ahead strongly reflecting the continuing buoyancy of the bullion price, which closed $2.75 higher at $175.375 per ounce—its best closing level since April 3, 1975.

Shares regained all and more of the losses sustained on Friday with the Gold Mines index 4.3 better at 143.4. Turnover was by no means heavy but persistent local interest was followed by a good U.S. demand in late trading and prices closed at the day's best levels.

Among heavyweights Randfontein stood out with a gain at £31½, while others to show strong rises included Free State Geduld, ¾ better at £13 and West Driefontein, ½ firmer at £17¾.

In front of the latest batch of December working profits—those of the Barlow Rand group—Blyvoor rose 14 to 305p and Harmony 11 to 357p.

FINANCIAL TIMES STOCK INDICES

—	Jan. 16	Jan. 13	Jan. 12	Jan. 11	Jan. 10	Jan. 9	A year ago
Government Secs.	77.48	77.55	77.26	77.27	77.39	77.39	63.61
Fixed Interest	80.71	80.80	80.80	80.88	80.94	81.20	64.22
Industrial Ordinary	474.2	480.9	479.4	487.3	484.8	493.7	374.4
Gold Mines	143.4	139.1	142.4	139.3	139.5	136.9	111.3
Ord. Div. Yield	5.67	5.60	5.60	5.52	5.55	5.47	6.05
Earnings Y'ld%(full)(*)	17.24	17.05	17.03	16.79	16.82	16.62	18.85
P/E Ratio (net) (*†)	8.32	8.32	8.39	8.46	8.45	8.55	7.42
Dealings marked	6,474	5,034	5,266	5,978	7,130	6,666	5,068
Equity turnover £m.	—	80.45	78.05	69.25	98.25	66.19	38.60
Equity bargains total	—	14,556	14,057	14,899	16,641	17,918	12,921

10 a.m. 479.3. 11 a.m. 477.3. Noon 476.3. 1 p.m. 476.3. 2 p.m. 475.2. 3 p.m. 475.4.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=8.18.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 16	Jan. 13
—Daily		
Gilt-Edged	250.0	168.9
Industries	226.5	175.0
Speculative	41.4	38.5
Totals	147.3	114.6
5-day Av'rage		
Gilt-Edged	202.3	199.5
Industrials	209.0	212.1
Speculative	46.5	45.4
Totals	156.0	157.8

OPTIONS TRADED

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan. 11	Jan. 23	Apr. 13	Apr. 25
Jan. 24	Feb. 6	Apr. 27	May 10
Feb. 7	Feb. 20	May 11	May 23

For rate indications see end of Share Information Service

Money was given for the call of G. R. Dawes, GEC, Grand Metropolitan, ICI, Celtic Haven, Coral Leisure, P & O Deferred, Thomson Organisation, Intereuropean Property, Marks & Spencer, U.K. Property, Management Securities, Orme Developments, Energy Services, Talbex, British Land, British Sugar, Debenhams, T. Cowie, F.C. Lovell and Burton A. Puts were done in Burton A and Tricentrol while doubles were arranged in Yule Catto, Excalibur Jewellery and British Land.

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (59)

BEERS (1)
Amalg. Dist. Prods.

BUILDINGS (4)
Countryside — F.P.A. Construction
Ellis & Everard — Jarvis (J.)

CHEMICALS (1)
Plysu

DRAPERY & STORES (1)
Ratners

ELECTRICALS (2)
Crossland (R. & A.G.) — Wigfall (H.)

ENGINEERING (7)
Alcan 9pc Conv. — Jackson (J. & H.B.)
Bailey (C. H.) — Ward (T. W.)
Sanro Cons. — West Brom. Spring
Blakey's — Wolseley-Hughes
Brown & Tawse

FOODS (3)
Bibby (J.) — British Vending

TEXTILES (4)
Corah — R.K.T.
Jerome (S.) — Tomkinsons

TRUSTS (1)
Harcros Inv.

OVERSEAS TRADERS (1)
Nigerian Elec.

RUBBERS (1)
London Sumatra

TEAS (1)
Kakuzi

NEW LOWS (9)

AMERICANS (3)
Continental Oil — Xonics
TRW Inc.

CHEMICALS (1)
Norsk Hydro

SOUTH AFRICANS (1)
Primrose

TRUSTS (1)
U.S. Trust Fund

OVERSEAS TRADERS (1)
Borthwick (Thos.)

MINES (2)
Patino N.V. — Consld. Murchison

RISES AND FALLS YESTERDAY

[illegible]

BANKING AND SOURCES OF FINANCE IN THE FAR EAST

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
ICI	£1	11	334	− 6	446	335
Shell Transport	25p	11	508	− 7	635	454
Allied Colloids	10p	9	70	−15	100½	45½
Beecham	25p	9	645	− 7	698	372
BATs Defd.	25p	8	227	− 1	260	202
BP	£1	8	808	− 6	966	776
EMI	50p	8	177	− 3	254	170
GEC	25p	8	262	− 4	284	163
Metal Box	£1	8	302	− 8	364	246
Reed Intl.	£1	8	138	—	233	118
Wigfall (H.)	25p	8	163	+10	163	94
Cons. Gold Fields	25p	7	197	+ 5	224	137
RTZ	25p	7	174	− 6	247	173
Racal Electronics	25p	7	206	− 1	270	118
Thorn Electrical	25p	7	354	− 4	448	196

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)

	Group	Mon., Jan. 16, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Fri. Jan. 13 Index No.	Thurs. Jan. 12 Index No.	Wed. Jan. 11 Index No.	Tues. Jan. 10 Index No.
1	CAPITAL GOODS (170)	207.53	−0.7	17.06	5.63	8.27	208.99	210.04	211.39	211.16
2	Building Materials (27)	189.82	−1.0	16.23	5.56	8.81	191.66	194.84	195.12	195.76
3	Contracting, Construction (26)	334.53	−0.6	17.33	3.79	8.39	336.59	339.17	340.18	342.86
4	Electricals (15)	444.70	−1.1	14.99	3.97	9.60	449.78	451.06	458.42	455.56
5	Engineering Contractors (13)	292.81	−0.8	20.04	6.40	6.83	295.06	296.13	298.34	299.12
6	Mechanical Engineering (72)	163.87	−0.3	17.82	6.26	8.00	164.37	164.35	164.73	164.83
8	Metals and Metal Forming (17)	161.13	−0.4	19.54	8.77	6.77	161.75	162.22	163.01	161.60
11	CONSUMER GOODS (DURABLE) (53)	189.25	−0.7	17.62	4.91	8.28	190.61	193.13	193.97	192.93
12	Lt. Electronics, Radio TV (15)	224.80	−1.0	15.68	3.66	9.21	227.01	231.24	232.71	230.56
13	Household Goods (12)	181.05	−1.0	17.22	6.48	7.94	182.83	183.49	182.77	183.24
14	Motors and Distributors (26)	116.31	−0.2	20.74	6.47	7.22	116.60	117.44	117.81	117.66
21	CONSUMER GOODS (NON-DURABLE) (176)	197.30	−1.3	15.67	5.78	9.22	199.83	200.29	202.52	201.73
22	Breweries (14)	218.51	−1.7	14.91	6.06	10.04	222.32	220.53	228.39	227.86
23	Wines and Spirits (6)	237.52	−2.4	17.16	5.81	8.74	243.27	239.73	244.30	243.82
24	Entertainment, Catering (18)	257.28	−0.6	13.96	6.65	10.93	258.75	258.86	262.58	259.98
25	Food Manufacturing (22)	193.96	−1.1	20.56	5.47	7.00	196.10	197.88	199.09	198.64
26	Food Retailing (16)	198.67	−0.6	13.64	4.54	10.67	199.78	198.99	207.72	207.58
32	Newspapers, Publishing (13)	333.17	−1.7	9.80	3.75	15.33	338.89	344.82	353.52	352.32
33	Packaging and Paper (15)	130.98	−1.1	20.15	8.85	7.14	132.58	132.26	133.12	133.17
34	Stores (38)	188.38	−1.5	10.24	4.21	15.37	191.22	191.91	192.11	191.75
35	Textiles (25)	173.25	−0.8	20.06	7.64	6.32	174.67	174.84	174.09	172.83
36	Tobaccos (3)	219.61	−1.2	22.00	8.20	6.06	222.30	224.89	225.86	222.94
37	Toys and Games (6)	104.79	+1.3	19.70	5.67	6.79	103.49	102.69	101.42	100.78
41	OTHER GROUPS (97)	189.02	−1.2	16.51	5.78	8.25	191.23	192.16	193.42	192.86
42	Chemicals (20)	249.18	−1.6	19.84	6.72	7.11	253.08	254.50	257.66	255.72
43	Pharmaceutical Products (7)	251.80	−1.1	10.93	3.93	11.74	254.61	256.26	259.31	259.39
44	Office Equipment (6)	131.65	−1.3	17.34	4.36	7.63	133.34	131.12	131.08	129.65
45	Shipping (10)	473.62	+0.2	20.79	6.18	5.70	472.62	472.53	472.18	472.19
46	Miscellaneous (54)	203.74	−1.0	15.57	6.28	9.10	203.86	205.71	205.70	206.12
49	INDUSTRIAL GROUP (496)	203.85	−1.1	16.36	5.68	8.66	206.04	206.94	208.67	208.03
51	Oils (4)	454.36	−1.0	15.32	4.31	7.94	459.05	458.30	461.30	464.64
59	500 SHARE INDEX	224.84	−1.1	16.21	5.48	8.54	227.24	228.03	229.88	229.52
61	FINANCIAL GROUP (100)	172.13	−1.5	—	5.09	—	174.74	174.91	176.06	174.86
62	Banks (6)	198.00	−1.3	24.89	5.15	6.13	200.66	200.14	202.67	198.62
63	Discount Houses (10)	217.47	+0.4	—	7.59	—	216.57	216.09	218.70	220.61
64	Hire Purchase (5)	167.76	−1.0	11.10	4.65	13.33	169.46	170.55	168.51	165.90
65	Insurance (Life) (10)	142.95	−1.9	—	5.80	—	145.66	145.79	146.64	146.75
66	Insurance (Composite) (7)	134.59	−2.3	—	5.98	—	137.72	138.35	139.91	138.75
67	Insurance Brokers (10)	322.58	−1.6	13.17	4.24	11.13	327.73	328.27	328.94	330.49
68	Merchant Banks (14)	83.12	−0.6	—	5.64	—	83.62	84.21	84.20	84.28
69	Property (31)	247.84	−1.0	2.78	2.76	67.52	250.40	249.92	249.34	249.84
70	Miscellaneous (7)	109.15	−0.2	23.37	7.22	5.99	109.31	109.68	109.62	110.11
71	Investment Trusts (50)	190.66	−0.8	3.26	4.80	30.70	192.23	193.06	192.83	193.72
81	Mining Finance (4)	90.60	−0.8	17.21	6.47	6.76	91.34	90.91	91.26	92.43
91	Overseas Traders (19)	276.46	−0.3	17.44	6.90	7.27	277.33	278.64	278.53	281.53
99	ALL-SHARE INDEX (672)	209.31	−1.1	—	5.43	—	211.65	212.27	213.80	213.43

FIXED INTEREST PRICE INDICES

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FIXED INTEREST YIELDS

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OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

CLIVE INVESTMENTS LIMITED
oyal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101
ex Guide as at 11th January, 1978 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	134.97
Clive Fixed Interest Income	127.53

CORAL INDEX: Close 472-477

INSURANCE BASE RATES

† Property Growth	8½%
Cannon Assurance	4½%

† Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

.N. Bank	6½%	C. Hoare & Co. †	6½%
ied Irish Banks Ltd.	6½%	Julian S. Hodge	7½%
erican Express Bk.	6½%	Hongkong & Shanghai	6½%
ro Bank	6½%	Industrial Bk. of Scot.	7 %
P Bank Ltd.	6½%	Keyser Ullmann	6½%
ory Ansbacher	6½%	Knowsley & Co. Ltd.	9 %
nco de Bilbao	6½%	Lloyds Bank	6½%
k of Credit & Cmce.‖	6½%	London & European	8½%
k of Cyprus	6½%	London Mercantile	6½%
k of N.S.W.	6½%	Midland Bank	6½%
ique Belge Ltd.	6½%	■ Samuel Montagu	6½%
ique du Rhone	7 %	■ Morgan Grenfell	6½%
clays Bank	6½%	National Westminster	6½%
nett Christie Ltd.	8½%	Norwich General Trust	6½%
mar Holdings Ltd.	7½%	P. S. Refson & Co.	6½%
t. Bank of Mid. East	6½%	Rossminster Accept'ces	6½%
wn Shipley	6½%	Royal Bk Canada Trust	6½%
ada Permanent AFI	6½%	Schlesinger Limited	7 %
itol C & C Fin. Ltd.	9 %	E. S. Schwab	8½%
zer Ltd.	7 %	Security Trust Co. Ltd.	7½%
lar Holdings	8 %	Shenley Trust	9½%
rterhouse Japhet	6½%	Standard Chartered	6½%
E. Coates	7½%	Trade Dev. Bank	6½%
solidated Credits	7½%	Trustee Savings Bank	6½%
perative Bank	6½%	Twentieth Century Bk.	7½%
inthian Securities	6½%	United Bank of Kuwait	6½%
dit Lyonnais	6½%	Whiteaway Laidlaw	7 %
Cyprus Popular Bk.	6½%	Williams & Glyn's	6½%
ican Lawrie ¶	6½%	Yorkshire Bank	6½%
il Trust	6½%		
lish Transcont.	8 %		
t London Secs.	6½%		
t Nat. Fin. Corpn.	9 %		
t Nat. Secs. Ltd.	8 %		
ony Gibbs	6½%		
de Durrant Trust	7½%		
yhound Guaranty	6½%		
dlays Bank ‡	6½%		
nness Mahon	6½%		
ibros Bank	6½%		
Samuel §	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4½%.
¶ Rate also applies to Sterling Ind. Secs.
‖ 7-day deposits 3½%. Rates for Term Deposits over £1,000 negotiable.

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977-78 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101 13/16	95⅝	Treasury 9pc 1978‡‡	100½	......	8.96	5.88
104 1/16	97⅞	Treasury 10½pc '78‡‡	102 9/16	−1/16	10.24	5.20
100⅛	90 11/16	Exch. 5pc '76-78‡‡	99½	......	5.03	5.72
107	95 5/16	Treasury 11½pc '79‡‡	104⅞	−⅛	10.97	6.99
97¾	84 13/16	Treasury 3pc '79‡‡	95⅜	−¼	3.15	5.94
98¼	85⅛	Electric 4¼pc '74-79	96⅜	−¼	4.41	6.54
106 13/16	92	Treasury 10½pc '79‡‡	104 5/16	−3/16	10.07	7.84
97⅝	84⅞	Electric 3½pc '76-79	95⅝	−¼	3.66	6.06
107	87¾	Treasury 9pc 1980‡‡	102¼	−¼	8.80	7.83
105¾	88⅝	Treasury 9½pc '80‡‡	102½	−⅜	9.27	8.29
96	82⅞	Treasury 3½pc '77-80	94½	−¼	3.70	5.99
98¼	83 3/16	Funding 5¼pc '78-80‡‡	95⅝	−¼	5.49	7.26
112 9/16	96 15/32	Exchequer 13pc 1980‡‡	109⅛	−⅞	11.91	9.27
108 3/16	92 5/32	Treasury 11½pc 1981‡‡	105⅜	−½	10.91	9.40
94¼	77⅞	Treasury 3½pc 1979-81	91⅜xd	−¼	3.83	6.65
104	86 5/16	Treasury 9¾pc 1981‡‡	100⅞	−⅜	9.67	9.41
97 3/16	96⅜	Exch. 8¼pc 1981	96½	−⅜	8.55	9.47
103½	97½	Exch. 9½pc 1981	100¼xd	−½	9.48	9.44
92⅛	67¾	Exch. 3pc 1981	87⅝xd	−⅝	3.42	6.92
98¾	96⅛	Treas. Variable '81§§	96¾	−⅛	6.62	7.48
113 13/16	96¼	Exch. 12¼pc 1981‡‡	110	−½	11.59	9.56
100⅝	82⅞	Treas. 8½pc '80-82‡‡	98⅜	−⅜	8.64	9.00
93⅛	71⅝	Treasury 3pc '82‡‡	85½xd	−⅜	3.51	7.17
119 3/16	101⅝	Treasury 14pc '82‡‡	114¼	−½	12.25	9.74
98½	95¾	Treas. Variable '82§§	95⅞	−⅛	6.65	7.46
98⅝	93⅝	Treasury 8¼pc '82	95½	−½	8.64	9.52
102⅛	93⅝	Exch. 9¼pc 1982	98¾	−½	9.37	9.57
		Five to Fifteen Years				
87⅝	81¼	Exch. 3pc '83	82xd	......	3.65	7.22
114¼	95½	Treasury 12pc 1983‡‡	114⅛	......	10.90	9.48
101⅜	96½	Treasury 9¼pc '83	98⅝xd	......	9.38	9.58
95½	72⅝	Funding 5½pc '82-84‡‡	88½	......	6.22	7.96
100¼	77⅝	Treasury 8½pc '84-86‡‡	95¾	......	8.89	9.27
87⅞	66⅜	Funding 6½pc '85-87‡‡	86½	......	7.64	8.88
94	68½	Treasury 7¾pc '85-88‡‡	88⅝xd	......	8.75	9.55
74 3/16	49⅝	Transport 3pc '78-88	67½xd	......	4.45	7.58
76¼	53⅜	Treasury 5pc '86-89	74¼	......	6.85	8.72
121¼	90	Treasury 13pc 1990‡‡	113⅞	......	11.42	10.91
94¾	67⅛	Treasury 8¼ '87-90‡‡	88½	......	9.40	9.99
112	88¾	Treasury 11¾pc 1991	105⅛	......	11.18	11.03
76½	53¾	Funding 5¾pc '87-91‡‡	74¼	......	7.92	9.41
118	86¾	Treasury 12¾pc '92‡‡	110⅞xd	......	11.48	11.17
96¾	89¾	Treasury 10pc 1992	92⅝xd	......	10.69	10.91
113	89½	Exch. 12¼pc '92	111⅞	......	11.45	11.25
		Over Fifteen Years				
116¼	84½	Treasury 12½pc '93‡‡	109⅜	......	11.44	11.23
73 3/16	51⅝	Funding 6pc 1993‡‡	71½	......	8.64	9.87
126½	96	Treasury 13¾pc 1993‡‡	118⅞	......	11.77	11.42
129¼	99	Treasury 14½pc '94‡‡	127½	......	11.88	11.47
114⅛	94⅝	Exch. 12½pc 1994	107⅝xd	......	11.48	11.32
96	66¼	Treasury 9pc '94‡‡	88⅞	......	10.30	10.62
110¼	97⅞	Treasury 12pc '95	105⅜xd	......	11.36	11.25
51⅞	32⅝	Gas 3pc '90/95	51⅛	......	5.91	8.48
30	29⅞	Exch. 10¼pc '95 (£30pd)	30	......	10.79	10.90
120 3/16	87	Treasury 12¾pc '95‡‡	112¾	......	11.53	11.35
92½	66¾	Treasury 9pc '92/96‡‡	89⅝	......	10.43	10.73
133¼	101⅛	Treasury 15¼pc '96‡‡	130⅛	......	12.01	11.65
124	89¾	Exchequer 13¼pc '96‡‡	116¼	......	11.63	11.41

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 25⅜% (based on $US1.9325 per £)

Conversion factor 0.7953 (0.8031)

CANADIANS

[illegible]

S.E. List Premium 25¾% (based on $2.1234 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأجل

INDUSTRIALS—Continued

Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
29½	L.R.C. Int. 10p	39	−½	†2.23	2.8	9.0	6.7
24	Lawtex	64	−4	2.91	4.6	6.9	4.2
125	Lead Inds. 50p	150	−2	67.37	2.6	7.4	6.5
58	Leadenhall Stg.	100	......	64.09	4.0	6.2	5.9
36	Le Bas (Ed.)	46	+3	†1.65	—	5.4	—
30	Lebell Fobel 10p	55	......	†1.62	2.5	4.5	13.5
39	Lebus Harris	62	+5	63.27	0.6	8.0	(80.5)
35	Leigh Ints. 5p	168	+2	†3.63	2.2	3.2	21.2
60	Leisure Car. 10p	112	+1	†h4.03	h2.2	5.5	12.8
96	Lep Group 10p	243	......	†3.1	8.9	1.9	6.1
56	Lesney Prods. 5p	61	+1	†d2.64	4.6	6.6	4.8
70	Letraset 10p	105xd	+1	†2.83	4.7	4.1	6.7
9	Liden 10p	16	......	—	—	—	—
17	Lindsay & Wms.	35	......	†1.01	2.1	4.4	16.6
58	Lindustries	144	−3	†9.0	2.8	9.7	4.7
24	Lon. & Nthn. Grp.	27xd	......	62.0	2.4	11.2	5.6
17	Long Hmbly. 10p	35	......	1.44	5.6	6.2	3.2
30	Longton Trans.	63	......	d3.46	b4.4	8.3	3.2
39	Lonsdale Univrsl.	80	......	†4.21	2.0	8.0	9.7
118	Low & Bonar 50p	172	......	h10.89	2.1	9.6	6.3
36½	M.Y. Dart. 10p	64	......	2.14	4.5	5.1	4.8
13	Macsale Lds. 10p	18	......	1.80	1.1	15.1	(8.4)
71	M'c'rthy Ph. 20p	98	......	3.94	4.1	6.1	4.7
45	Macfarlane Gp.	64	......	†3.49	2.7	8.3	20.7
155	McBride Rbt. 10p	350	+20	†4.46	7.9	1.9	10.0
11	McCleery L'A	11	−1	†1.25	—	‡	—
36½	Macpherson (D.)	56	......	†2.40	4.1	6.5	5.8
17	Md'me Tus'ds 5p.	59½	−2½	♦X3.19	1.5	8.1	12.4
46	Magnolia Group.	74	......	†d2.45	5.9	5.0	5.1
50	Mngmt. Ag. M.10p	72	......	5.61	♦	11.8	♦
166	Man. Ship Can. £1	214	+2	14.14	2.3	10.0	6.5
9¾	Marling Ind. 10p.	19	......	d†0.92	2.2	7.3	9.6
25	Marshall Lxy. 'A'	35	−½	†2.26	3.3	9.8	4.6
89	Marshall's Univ.	142	......	66.3	4.0	6.7	4.3
52	Martin-Black	57	......	4.47	0.7	11.9	28.1
£86½	Mathesons 7¼pc	£86½	−3½	Q7¾%	2.3	f8.7	—
60	Maynards 25p	122	......	4.86	3.7	6.0	6.7
11	Medminster 10p.	20	......	1.82	1.1	13.8	10.5
9	Meldrum 5p	12½	......	0.93	0.7	11.3	18.5

INSURANCE—Continued

1977-78 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
662	370	Sun Alliance £1	580	−14	†18.32	—	4.8	—
116	63	Sun Life 5p	105	−2	3.11	—	4.5	—
895	591	Taisho Mar. EDR	686	+6	gQ10%	—	0.7	—
170	115	Trade Indemnity	165	......	†7.64	—	7.0	—
£31¼	£18	Travelers $2.50	£18½	−½	Q$1.28	—	3.9	—
310	194	Willis Faber	275	−5	†7.61	2.6	4.2	14.2

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1977-78 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
28	17	Brit. Leyland 50p	21	......	—	—	—	—
365	185	Gen. Mtr. Units	185	......	18	1.7	8.5	7.0
57	16	Lotus Car 10p	45	......	—	—	—	—
7½	4	Reliant Mtr. 5p	5½	......	—	—	—	7.9
79	54	Rolls-Royce Mtrs.	69	+1	†3.9	2.3	8.6	7.2
£19½	762	Volvo Kr50	950	......	Q12%	0.6	7.9	21.6

Commercial Vehicles

1977-78 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
101	26	Crane Frueh. 10p	99	......	♦†2.18	1.9	3.3	23.9
155	34	E.R.F. (Hldgs.)	147xd	−½	†3.3	6.4	3.4	4.9
63	19	Fodens (50p)	56	......	63.25	5.7	8.8	(2.3)
14	7	Peak Investa. 10p	9	......	0.5	2.9	8.5	6.2
130	83	Plaxtons	130	......	d7.62	♦	8.9	♦
75	11	York Trailer 10p.	64	−3	†2.11	4.5	5.1	7.5

Components

1977-78 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
60	32	Abbey Panels	58	......	2.64	4.5	6.9	5.0
78	35½	Airflow Streams	78	......	†4.47	3.5	8.7	5.8
73½	38	Armstrong Eq. 10p	58½	−½	2.04	3.0	5.3	9.7
141	82	Assoc. Eng'g	124	+2½	4.69	3.5	5.7	6.8
112½	47½	Automotive	102	−½	1.86	8.0	2.8	6.5
63	33	Bluemel Bros.	61	+2	3.67	♦	9.1	♦
24	12	Brown Bros. 10p.	23	−1	c1.06	1.8	7.0	13.2
174	93	Dowty 50p	171	+4	4.21	3.7	3.7	11.0

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

NEWSPAPERS, PUBLISHERS

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PROPERTY

INSURANCE

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
195	70	Falcon Rh.50c	190	......	Q50c	♦	24.5
22	9	Rhod'n Corp. 16⅔p.	22	......	0.57	4.5	3.9
165	52	Roan Cons. K4	52	......	—	—	—
164	115	Tanganyika 50p	135	......	Q11.0	1.1	8.2
80	70	Do. Pref. 80p	78	......	Q9%	16.4	9.2
42	27	Wankie Col. Rh.1	40	......	Q7½c	1.4	16.0
27½	11½	Zam.Cpr.SBD0.24	12	+½	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
20	10	Acmex 25c	10	......	—	—	—
127	57	Bougainville 50 Toea	69	......	Q10c	1.5	9.2
128	69	BH South 50c	71	−1	—	—	—
325	119	Conzinc Riotinto 50c	165	+3	Q9c	2.3	3.4
65	18	G.M. Kalgoorlie $1	56	+2	—	—	—
112	77	Hamptn Areas 5p	81	−1	1.45	4.1	2.7
35	10	Metals Ex. 50c	14	−1	—	—	—
242	125	M.I.M. Hldgs. 50c	130	+1	Q9c	1.7	4.3
105	10	Mount Lyell 25c	15	......	—	—	—
2¼	1	Newmetal 10c	2	......	—	—	—
120	79	North B. Hill 50c	82	+1	Q8c	1.5	6.0
12	6½	Nth. Kalgurli	8½	......	—	—	—
143	87	Oakbridge $A1	122	+2	Q11c	1.9	5.7
55	20	Pacific Copper	34	......	—	—	—
£13	575	Pancont'l 25c	900	+25	—	—	—
19	8	Paringa M&Ex. 5p	12½	......	—	—	—
555	345	Peko-Wallsend 50c	390	+5	Q15c	4.0	2.4
—	—	Poseidon 20c	75#	......	—	—	—
12	6	Vultan Min. 50c	11	......	—	—	—
164	87	Westn. Mining 50c	89	+1	Q6c	1.4	4.2
75	40	Whim Creek 20c	45	......	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
39	18	Amal. Nigeria	30	......	2.51	1.6	12.7
395	240	Ayer Hitam $M1	240	......	Q4A%	0.9	43.3
57	25	Beralt Tin	46	......	3.75	2.5	12.4
260	155	Berjuntai $M1	200	......	†Q60c	♦	—
570	260	Geevor	480xd	+3½	†18.15	3.4	5.7
13	8	Gold & Base 12½p	10	......	—	—	—
325	190	Gopeng Cons.	250	−5	13.2	1.9	8.0
135	72	Hongkong	130	......	—	—	—
100	60	Idris 10p	93	......	9.14	1.0	14.9
10½	7	Jantar 12½p	10	......	—	♦	—
85	30	Kamunting $M0.50	68	......	2Q15.5c	0.7	5.7
490	260	Killinghall	450	......	Q125	♦	21.1
410	217	Malay Dredging $M1	280	−10	Q95.5c	♦	8.5
46	40	♠Pahang	42	−2	†Q2.5	0.5	6.0
70	50	Pengkalen 10p	58	......	5.58	1.3	14.6
215	133	Petaling $M1	175	−5	mQ12½c	10.9	1.8
90	35	Saint Piran	58	......	g1.99	♦	5.2
73	58	South Crofty 10p	58	......	h4.12	1.5	10.3
210	77	South Kinta $M0.50	145	......	tQ77.8c	1.4	13.3
305	148	Sthn Malayan $M1	265	......	tQ113c	1.1	13.3
160	57	Sungei Besi $M1	134	......	—	—	—
60	19	Supreme Corp. $M1	55	......	ZQ10	—	4.5
102	42	Tanjong 15p	100	......	06.5%	♦	9.9
95	45	Tongkah Hrbr. $M1	78	......	mQA%	1.6	5.4
203	93	Tronoh $M1	148	−2	ZQ30c	2.0	5.0

COPPER

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
198	84	Messina R0.50	88	......	Q30c	1.9	22.8

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
9½	9	Burma Mines 17½p.	9	......	—	—	—
115	58	Colby Mines $C1	79	+6	—	—	—
600	230	Cons. Murch. 10c	230	−5	Q30c	♦	‡
475	250	Northgate C$1	250	......	—	—	—
247	173	R.T.Z.	174	−6	t8.5	q3.1	7.4
70	28½	Sabina Inds. C$1	35	+1	—	—	—
£14¼	818	Tara Exptn. $1	850	+32	—	—	—
55	39	Telndy Minerals 10p	45	......	1.21	2.5	4.1
160	121	Yukon Cons. C$1	127	......	Q7c	♦	3.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 26

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	46	+5
Bertam	19	......
Bdg'wtr. Est. 50p	282	......
Clover Croft	23	......
Craig & Rose £1	300	......
Dyson (R.A.)	35	......
Ellis & McHdy.	66	......
Evans Fr'k 10p.	27#	......
Evered	17	......
Fife Forge	47	......
Finlay Pkg. 5p	20½	......
Graig Ship. £1	240	......
Higsons Brew	77	+4
I.O.M. Stm. £1	137	+5
Holt (Jos.) 25p	237	......
N'thn. Goldsmith	48xc	+3
Pearce (C. H.)	127	+5
Peel Mills	17	......
Sheffield Brick	48	......
Sheff. Refrshmt.	90	......
Shiloh Spinn.	20	......
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82	£96½	......
Alliance Gas	70	......
Arnott	315	......
Carroll (P.J.)	113	......
Clondalkin	85	......
Concrete Prods.	121xd	−4
Heiton (Hldgs.)	51	......
Ins. Corp.	175	......
Irish Ropes	108	......
Jacob	62	......
Sunbeam	25	......
T.M.G.	170	+5
Unidare	75	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	11
Babcock	10
Barclays Bank	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	28
Burton 'A'	9
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	16
Glaxo	40
Grand Met.	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	60
House of Fraser	12
I.C.I.	25
"Imps"	7
I.C.L.	29
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	6
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
Mrks. & Spncr	13
Midland Bank	25
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	12
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	18
Reyrolle	20
Spillers	4
Tesco	4
Thorn 'A'	22
Trust Houses	13
Tube Invest.	38
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property

Brit. Land	3¾
Cap. Counties	5
E.P.	5
Istreuropean	5
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2

Oils

Brit. Petroleum	45
Burmah Oil	7
Charterhall	3½
Shell	28
Ultramar	22

Mines

Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Tuesday January 17 1978

Retail spending up sharply last month

BY ELINOR GOODMAN AND PETER RIDDELL

THE volume of spending in shops rose sharply last month to the highest level since the beginning of 1976, even after taking account of the usual seasonal impact of Christmas.

This is the first real confirmation of the long-awaited rise in *demand and activity in the* economy. It is expected to accelerate during the first half of this year as wage increases come through and the rate of price inflation declines.

The Department of Trade said yesterday the volume of retail sales last month was 109.5 (1971 = 100, seasonally adjusted), up 3.2 per cent. compared with November and 1.1 per cent. higher than a year earlier.

Between October and December the volume of sales was about ½ per cent. higher than in the previous three months. Last year as a whole the volume of sales fell about 2 per cent. compared with 1976.

The department said the rise last month was "partly due to the tax-free bonus for pensioners and the effect of the back-dated reduction in income tax."

Most retailers found Christmas buying started later than usual and did not really take off until the final two weeks.

The Retail Distributors Association, which monitors the sales of most of the national store groups, said that in the week before Christmas—which included a full six days' trading for most shops—sales were 36 per cent. up on the week before Christmas in 1976. This followed a period in which sales had been slightly down in real terms on 1976.

Reports from the trade yesterday suggested that the December volume increase has been at least partly maintained in the first two weeks of January.

The clearance sales generally seem to have gone well, with the provincial stores continuing to show larger sales increases than in the West End.

The mini-Budget of December 1976 distorts comparisons since, some consumers bought the type of items which they normally buy in the clearance sales in November and early December 1976 in anticipation of an increase in VAT. This meant some groups had disappointing clearance sales in January last year.

The feeling in the trade seems to be that business might slacken again once the clearance sales are over and that there might be a "pause" until May.

Most economists expect a rise in retail sales volume of 3-5 per cent. in real terms this year compared with last year. This should be enough to take trade up to, or slightly above, the 1973 peak.

The main boost is expected to come between the early spring and autumn. There could be a decline in the rate of increase by the end of the year.

A slight slackening in the overall rate of economic growth in about a year's time is tentatively suggested by the Central Statistical Office longer leading indicator of the business cycle which was published yesterday. This fell in December for the second month running.

The index of shorter leading indicators—looking about six months ahead—also declined slightly in December, but like the longer leading index it is at a higher level than throughout most of last year.

RETAIL SALES VOLUME
1971 = 100, seasonally adjusted

1976	1st	107.3
	2nd	107.6
	3rd	108.9
	4th	108.5
1977	1st	105.0
	2nd	103.9
	3rd	106.8
	4th	107.2*
	September	106.2
	October	105.4
	November	106.1
	December	109.5*

* provisional
Source: Department of Trade

Leyland unions seek meeting with Callaghan

BY ALAN PIKE, LABOUR CORRESPONDENT

SENIOR SHOP stewards last night called for an early meeting with the Prime Minister and Mr. Eric Varley, Industry Secretary, *after discussing the future of* Leyland Cars with Mr. Michael Edwardes, chairman of British Leyland.

An expected meeting between Mr. Callaghan and Mr. Edwardes will not take place this week because of the Prime Minister's pressure of business. This means the shop stewards may be able to put their point of view first.

It is expected that Mr. Edwardes will outline his proposals for Leyland to the Prime Minister before there is any formal announcement of changes.

The announcement is likely to come by February 1, when the new British Leyland chairman will go to Birmingham to make a "full statement" to union officials and management representatives.

Yesterday Mr. Edwardes had separate meetings with national union officials and the shop steward representatives on the company's Cars Council.

No official statement was issued but the trade union officials left Mr. Edwardes's Piccadilly office convinced that the reported break-up of Leyland Cars into smaller sections was likely to go ahead.

Mr. John Rowan, national officer of TASS, the technical, administrative and supervisory section of the Amalgamated Union of Engineering Workers, said afterwards the meeting had confirmed his fears of a "carve-up and piecemeal slaughter of Leyland Cars."

Mr. Edwardes's recipe for success was to go back to the concept of separate companies in the cars division—"the very structure which failed so abysmally in 1974."

Mr. Edwardes's proposals *came as something of a shock to* trade union leaders who had "worked and fought for three years" to make the Ryder plan for Leyland a reality, he said.

Union leaders are anxious about the future of the hard-fought plan for company-wide bargaining in Leyland Cars if a centralised approach is no longer to be encouraged. Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, said last week that there must be no going back on agreements which had been reached.

Impression

The question of redundancies apparently did not arise in detail during yesterday's discussions. Mr. Grenville Hawley, national automotive secretary of the Transport and General Workers Union, said afterwards that the trade union side had "accepted nothing" on this issue.

Figues ranging from 12,000 to 30,000 have been mentioned recently. Some union officials at yesterday's meetings formed the impression that Mr. Edwardes' thinking was nearer to the lower figure.

At the meeting with national union officials Mr. Edwardes came under angry attack for the way in which apparent proposals for Leyland's future have been announced in newspapers without trade union consultation.

He apologised for this after being told that he could not expect co-operation if unions were in doubt over what was being proposed.

Italy starts selection of premier-designate

BY DOMINICK J. COYLE

ROME, Jan. 16.

PRESIDENT GIOVANNI LEONE is to start a series of consultations with top party leaders here to-morrow before naming a new Prime Minister-designate for Italy following the formal resignation to-day of Signor Giulio Andreotti's minority Christian Democrat Government. These consultations are expected to end on Thursday.

Signor Andreotti, whose Government continues in office in a caretaker capacity, remains the most likely Christian Democrat leader to be called on by the President to try to form a new administration.

In that event, he will open negotiations immediately with the opposition parties, and principally with the Communists, to see if he can put together a new governing formula for Italy.

The present political crisis, which has been simmering since before Christmas, was brought on by Communist demands for their inclusion directly in Government here for the first time in 30 years.

This has been rejected by the Christian Democrat leadership, but it seems inevitable that any new Government formed without a new general election must increase the political influence of the Communists.

None of the main political parties is anxious to go to the country only 18 months after the last and inconclusive general election in mid-1976, but such a recourse is almost certain if the Communists do not agree to lower their demands.

Signor Andreotti has expressed some optimism that there is still "a margin for negotiations," a reference, it is thought here, to the possibility of concluding a revised and more specific all-Party (excluding only the neo-Fascists) agreement on economic and social policies which the Communists might support directly in Parliament while staying outside the Government as such.

Contrary to some official fears, the latest political crisis was not reflected to-day on the official foreign exchange market, where the lira rate against the U.S. dollar improved fractionally at the fixing to 874.75.

Business was described as relatively thin, but the Bank of Italy was in the market selling some dollars.

However, on the parallel, or black, market, the lira continued to slide and now stands at a discount of some 8 per cent. in the 930-950 range in spite of Italy just having reported its best balance of payments for a decade and its first surplus last year since 1971.

Editorial Comment, Page 16

Development plans spark bids for London Pavilion

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

SECRET plans to redevelop the London Pavilion cinema site in Piccadilly Circus have sparked two takeover bids for the cinema's operating company.

The redevelopment, to be discussed soon with the site freeholder, the Greater London Council, would create a shopping and cinema complex worth over £20m.

The first bid, from an unnamed concern, offered 300p a share for the company. The mystery bidder has now turned out to be Electricity Supply Nominees, the electricity industry's pension fund and owner of the adjoining Trocadero site.

Yesterday, Mr. Victor Sandleson, the stockbroker, who has just under 3 per cent. of London Pavilion's shares, announced a 350p-a-share bid for the group on his own behalf. The offer, made through stockbrokers Rowe Rudd, values London Pavilion at £445,000.

Both offers have been dismissed by London Pavilion's management, which controls around 60 per cent. of the shares.

Mr. Toby Rowland, chairman, said yesterday that the Board and its advisors, County Bank, were "not entertaining a bid." The recent market price of his stock bore out this decision.

The company's shares started the year at 140p and closed yesterday at 390p.

Mr. Sandleson, commenting on "one of the fastest rejections ever," said that the "ball is now in the company's court: they ought to give shareholders some idea of what the company is really worth."

He said his 350p-a-share bid might be "only a starting shot."

Continued from Page 1

Steel

Mr. Varley, in a scathing attack on the committee's report, said that if the Government had made similar proposals for closures and redundancies on the basis of the first four months of the financial year, MPs on the committee would have been *among the first critics.*

The Government would not be rushed into "panic measures" because some MPs had become "hysterical," he declared to some Labour cheers.

Consultations between the Government, British Steel and the TUC steel committee would continue to find a rational and humane solution to the industry's problems. Members of the Commons committee were not the only ones with an interest in the industry's future, he said tartly.

Mr. Michael Foot, Leader of the Commons, showed no sign yesterday of conceding a debate on the issue, in spite of further demands.

The Government also gained further relief from the Commons pressures by the Speaker's refusal to rule that failure to provide papers requested by the committee was a contempt of Parliament.

The Commons Procedure Committee now proposes to examine the whole question of select committee powers, and the signs are that the present issue will be subsumed into the general inquiry.

Weather

COLD. Wintry showers

London, E. Anglia, E., N.E., S.E. England

Rain or snow, becoming brighter with scattered showers. Wind variable, light, becoming moderate, N.W. Max. 3C (37F).

Cent. S. England, Midlands, Channel Isles, Wales, N.W., S.W. Cent. N. England

Bright intervals, scattered wintry showers. Wind N.W., moderate. Max. 4C (39F).

Isle of Man, S.W. Scotland, Glasgow, Cent. Highlands, Moray Firth, N.E. Scotland, Orkney

Wintry showers, bright intervals. Wind N.W., moderate. Max. 2C (36F).

Borders, Edinburgh, Dundee, Aberdeen

Sleet or snow at first, becoming brighter with showers. Wind N.E., moderate, becoming N. Max. 3C (37F).

Argyll, N.W. Scotland, N. Ireland

Wintry showers, drier later. Wind N.W., moderate. Max. 2C

Outlook: Wintry showers.

Forecast — to mid-February: Mostly dry and mild with some cold spells, especially around middle of period. Mean temperatures above average except in Midlands, E. Anglia, S.E.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstdm.	C	4	39	Luxemb'g	S	2	34
Athens	F	13	55	Madrid	C	2	36
Bahrain	S	16	62	Manchstr.	R	0	32
Barcelona	F	8	46	Melbourne	C	18	64
Beirut	F	16	61	Milan	C	6	43
Belfast	C	3	37	Montreal	S	−12	10
Belgrade	S	6	43	Moscow	F	−9	16
Berlin	S	3	37	Munich	Fg	−3	27
Brmghm.	C	2	36	Newcastle	C	3	37
Bristol	R	2	36	New York	S	−4	25
Brussels	F	4	39	Oslo	Sn	0	32
Budapest	C	1	34	Paris	C	4	39
B. Aires	S	31	88	Perth	C	22	72
Cairo	S	18	65	Prague	C	1	34
Cardiff	Dr	2	36	Reykjavik	S	−4	25
Chicago	C	−11	12	Rio de J'o	C	26	80
Cologne	C	4	39	Rome	F	14	57
Copnhagn	S	2	36	Singapore	S	29	84
Dublin	C	3	37	Stockholm	S	1	34
Edinburgh	C	3	37	Strasbrg.	S	4	39
Frankfurt	C	2	36	Sydney	R	22	72
Geneva	C	1	34	Tehran	S	4	40
Glasgow	C	4	39	Tel Aviv	F	16	61
Helsinki	C	2	36	Tokyo	C	6	43
H. Kong	C	15	59	Toronto	S	−10	14
Jo'burg	S	25	77	Vienna	C	−1	30
Lisbon	C	12	54	Warsaw	S	1	34
London	C	5	41	Zurich	C	−1	30

HOLIDAY RESORTS

Ajaccio	S	13	55	Jersey	R	5	41
Algiers	S	15	59	Las Plms.	F	18	64
Biarritz	F	8	46	Locarno	R	3	37
Blackpool	R	3	37	Majorca	C	10	50
Bordeaux	S	7	45	Malaga	F	15	59
Boulogne	C	4	39	Malta	C	14	57
Casablnca.	R	12	54	Nairobi	C	20	68
Cape Town	C	23	73	Naples	S	12	54
Corfu	F	17	63	Nice	Th	7	45
Dubrovnik	R	22	72	Nicosia	R	15	59
Faro	F	12	54	Oporto	C	9	48
Florence	S	7	45	Rhodes	R	[illegible]	33
Funchal	F	14	57	Salzburg	S	1	34
Gibraltar	F	13	55	Tangier	F	12	54
Guernsey	R	4	39	Tenerife	C	12	54
Innsbrck	F	2	36	Tunis	F	8	46
Inverness	C	3	37	Valencia	F	10	50
I. of Man	R	5	41	Venice	F	7	45
Istanbul	F	7	45				

S—Sunny F—Fair C—Cloudy R—Rain Dr—Drizzle Fg—Fog Sn—Snow Th—Thunder.

Continued from Page 1

Alcan

expenditure was made, possibly in three years' time.

Mr. Elton said that the aluminium industry had been through a bad time with a very low return over the last 15 years. Although demand had expanded, the major companies had increased capacity even faster.

However, the shock of 1974/75 had at last brought home the lesson of over-capacity and he expected conditions to improve. Apart from anything else, the cost of building new plant could not be justified at current metal prices.

Mr. Elton said that Alcan, in common with the aluminium industry as a whole in the U.K., was opposed to the creation of a London Metal Exchange market in the metal.

Inchcape in £10.7m. Pride & Clarke bid

BY JAMES BARTHOLOMEW

INCHCAPE, the international trader, turns out to be bidder for the motor distributor, Pride and Clarke, which has the franchise for importing Toyota cars. The agreed offer, in either cash or shares, is worth £10.7m.

Mr. Edward Heath, deputy chairman of Inchcape, said yesterday that he was prepared to hold the "hot potato" of Japanese car imports because he thought there was room for everyone in the U.K. car market. Inchcape wanted to establish a "balanced U.K. motor business," having already obtained a major dealership in Leyland cars through its recently acquired subsidiary, Mann Egerton.

Toyota is the fifth largest car importer in Britain—one of the few overseas markets where it is outsold by Datsun.

The terms of the offer are the equivalent of £5.25 cash for each Pride and Clarke Ordinary share, or 144 Inchcape shares for every 100 Pride and Clarke. At Inchcape's closing price of 362p *last night, the share alternative* is worth 521p per share. Pride and Clarke shares finished the day at 515p.

The directors of Pride and Clarke recommend the offer. With their families, they have irrevocably undertaken to accept in respect of their 45.4 per cent. stake. As trusts also controlled by the family are likely to accept, the takeover seems bound to go through.

Pride and Clarke has estimated that pre-tax profits for the year to September 30, 1977, amounted to £1.57m., compared to £0.5m. in 1975-76. The improvement was due to the recovery in sterling, whose weakness had previously squeezed profit margins, volume improvements, and cost savings.

Mr. A. D. Clarke is expected to retire as chairman after the merger, but the two other Board members will remain. At least two nominees from Inchape will join in due course. Property not needed for the business—worth about £1m.—is likely to be sold.

News Analysis, Page 7

Meat eating going down to level of mid-1950s

BY CHRISTOPHER PARKES

BRITONS WILL probably eat less meat this year than at any time since the mid-1950s. They could well be paying 8 to 9 per cent. more for it than in 1977, much the same rise as last year.

Those forecasts came yesterday from the Meat and Livestock Commission, the statutory body which monitors the meat market in the U.K. Behind them, it said, were the continued depression in the British livestock industry and falling imports.

"Rarely in recent years has there been such a mood of despondency on our livestock farms," Mr. Wally Johnstone, chairman of the Commission, said in London.

More lamb

"Damage has been caused to processing and manufacturing businesses by very difficult trading conditions, and that will not be easy to repair."

Unveiling the Commission's annual report, Mr. Hilary Marks, chief economist, said that meat consumption this year would be only 3.51m. tonnes compared with the 3.635m. tonnes last year. This is some 15 per cent. lower than consumption in 1973, when Britain joined the EEC, and almost certainly the lowest figure since the end of war-time controls.

Only in the sheep industry, Mr. Marks said, was meat production expected to go up during 1978. Output of mutton and lamb should increase from 220,000 tonnes to 245,000 tonnes.

Beef production would probably fall 2.5 per cent. to 965,000 tonnes. The effect on the home market and retail prices would be worsened by an expected increase in beef exports—mainly to France—from 85,000 tonnes last year to 115,000 tonnes in 1978. Imports from Ireland were expected to fall.

Pork production would slump from 640,000 tonnes to 570,000 tonnes. Output of bacon and ham is also expected to drop, by almost 10 per cent. to 200,000 tonnes.

Mr. Johnstone claimed that while the average retail price of all commodities in Britain had gone up 97 per cent. in the five years since Britain joined the Common Market, meat prices had risen only 70 per cent.

"In general, livestock producers can look forward to improved gross margins. Slaughterhouse throughput will probably be reduced, but wholesale meat prices should firm up somewhat.

"Retailers are likely to sell less red meat, but prices should be firmer. Consumers may buy a little less meat but pay higher prices."

The main causes of the reduction in meat eating are steeply rising prices and the rapid increase since the war in the range of protein foods available to the everyday shopper.

The increase in meat prices cited by Mr. Johnstone, averaging 70 per cent. in five years, would be much greater but for the heavy consumption of cheap broiler chickens. The price of conventional butchers' meat has increased much more.

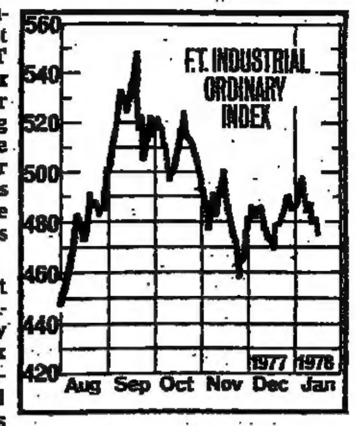
Protein is now available in many forms far cheaper than meat, and most experts forecast even greater reductions in consumption over the next 10 years.

Stop Green £ move, MPs urged. Page 25

THE LEX COLUMN

January fails to lift the market

Index fell 6.7 to 474.2



The stock market entered the New Year in an optimistic mood. January is often a good month for equities, since it coincides with a seasonal peak in institutional cash flow. Over the past three years, for example, the FT Industrial Ordinary share index has risen by between 11 per cent. and 47 per cent. during January and investors were gearing themselves up for another good performance this time round, especially since the stream of economic news was expected to be good.

So far, however, the market has failed to live up to expectations. Equities have fallen by over 20 points in the past six trading days and the FT Government Securities Index is one and a half points lower so far this year despite a half point cut in MLR. There seem to be two explanations for this sorry performance. First, institutions appear to be more strapped for cash than some investors thought: some institutions even went into overdraft towards the end of last year to buy into the gilt-edged market. More important, however, instead of good news, the market is having to digest a stream of disappointing economic statistics. Yesterday, for instance, saw the publication of the first U.K. visible trade deficit since last July and the composite index of longer leading economic indicators fell for the second month running.

The trade deficit is being treated as an aberration and the decline in the index of leading economic indicators primarily reflects last November's two point rise in MLR. Even so, yesterday's disappointing news comes hard on the heels of a surprising jump in eligible liabilities in December, another rise in U.S. interest rates, and the unexpected announcement of a new long tap last week. Against this background, the equity market can still move ahead but a lot will depend on how fast the institution's liquidity recovers. This January, there is no rush to buy.

Alcan (U.K.)

The scene is set for the listing some time in the early summer of the Ordinary shares of Alcan Aluminium (U.K.), at present wholly owned by the parent, but with some £8.5m. nominal of a listed Convertible in issue. Yesterday Alcan (U.K.) announced a gross 15p a share dividend for 1977 which gives Convertible holders a strong incentive to convert at the next opportunity in May, given that the 15p payout is expected to be maintained for 1978: the equivalent return on the loan stock is only 9p. The price of the Convertible has been moving ahead in recent weeks, and yesterday's early warnings of the dividend and the results—pre-tax profits for 1977 are estimated at £24½m. against just under £10m.—left the quotation £28 higher at £139 (equivalent to 139p per share for the Ordinary).

The company is fulfilling a 1969 prospectus pledge to "use its best endeavours" to obtain a listing for the Ordinary shares, and the eagerness of the Stock Exchange to welcome another large company to the ranks can be judged by its agreement that as little as 5 per cent. of the equity need be held by outside shareholders (at least 250 in number) for the listing to be granted. Full conversion would bring about a 20 per cent. public minority. This unusually low 5 per cent. limit appears to reflect the fact that Alcan (U.K.) has duly served an apprenticeship of eight years, complying with Yellow Book requirements while the Convertible has been listed. A simple introduction is all that will now be necessary.

As for the likely price, 139p could be a little on the low side, for the yield would be 10.8 per cent. and the p/e probably under 5. But then the company has recorded losses twice in the past six years, while its figures are exceptionally hard hit by current cost accounting—which trimmed its £14.7m. historical cost pre-tax profits for January-June 1977 to £2.6m., admittedly without a gearing adjustment.

Eastwood

Higher poultry feed costs and sluggish conditions in meat trading are the main factors behind J. B. Eastwood's £1½m. drop in interim pre-tax profits, which emerge at just over £3m. The broiler business, which accounts for about 30 per cent. of the profits and a quarter of the sales, showed a profit decline of the order of at least £½m., thanks to an escalation in meal prices. However, feed costs have since collapsed enabling Eastwood to buy forward and protect itself from fluctuations in the second half.

Proportionately, the greater part of the profits shortfall came from the meat trading area where the decline was of the order of £¾m. on a reduced turnover. The extra production from the egg modernisation programme will only start to show through in the second half, so everything depends on what happens to egg prices between now and the end of March. The usual post-Christmas drop in the egg price has not yet materialised. If it holds off, Eastwood should end up with full-year profits of about £8m., against £8.8m. last year.

This puts the shares on a prospective p/e of over 6, fully taxed, although Eastwood at present pays only ACT. The shares fell 7p yesterday to 99p, but there may be some comfort for shareholders if the company brings forward its 1978-79 dividend payment if the controls end this summer.

Burton

In the space of less than six weeks since Burton Group announced its preliminar[illegible] results the "A" shares [illegible] jumped by as much as 4[illegible] cent. to 118p. But there is [illegible] new in the full report to j[illegible]e such a re-rating, althoug[illegible] book net worth is confirme[illegible] 336p a share. A sales ga[illegible] 11 per cent. in the first 17 w[illegible] of the current year, adju[illegible] for activities closed or [illegible] still appears to be lagging [illegible]tion. Some action pretty [illegible] on the bid front is need[illegible] the recent enthusiasm is to [illegible] sustained.

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